



Comprehensive Annual Financial Report Fiscal Year Ended September 30, 1999

Town Council

1999-2000

Harry Venis, Mayor

Richard Weiner, Vice Mayor

Geraldine Clark, Councilmember

Kathy Cox, Councilmember

Judy Paul, Councilmember

Interim Town Administrator

Thomas J. Willi

Budget and Finance Director

Christopher Wallace

Acting Administrative Services Director

Barbara McDaniel

**Report Prepared by the
Budget and Finance Department**

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INTRODUCTORY SECTION

September 20, 2000

The Honorable Members of the Town Council, and Citizens of the Town of Davie, Florida:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 1999. We encourage you to thoroughly read this document and take the opportunity to discuss some of the important items it addresses.

While financial activities are never ends to themselves, their recording and presentation can give the encouraged and knowing reader great insight into the runnings of a community. They can highlight both strengths and weaknesses and can illustrate the issues that are, at any time, being addressed by the local government. We have early implemented a bellwether change in Generally Accepted Accounting Principles. We have adopted these changes early because we believe these new changes, though radical, better inform readers of government financial statements and more accurately reflect the financial condition and results of operations for an entity.

This report represents a tremendous effort by the Town's staff, particularly Ms. Carol Menke. It is a monumental change from the financial presentations of previous years. It complies with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements — and Management's Discussion and Analysis — For State and Local Governments*. It is a significant change because the presentation of the Town's financial information now contains a government-wide perspective using the flow of economic resources and accrual basis of accounting. This perspective gives a better, fairer, understanding of the financial operations and condition of the Town. It eliminates from this top level presentation fiduciary funds, which represent "other peoples money" and isn't really available to the Town to use. It separates Governmental Activities from Business Activities and presents the Town's Community Redevelopment Agency as a Component Unit, acting separately, but part of, the Town.

Much of the old reporting model has been maintained. Budget to Actual comparisons in the General Fund have been improved by adding an "Original Budget" comparison to the "Final Budget" numbers.

Liabilities and Assets that had been previously reported in "Account Groups" have now been included in our Statement of Net Assets. Omitted from this information are numbers reflective of the Town's infrastructure assets (streets, sidewalks, rights-of-way, etc) that historically have not been required to be accounted for in the annual financial report. The new GASB rules allow a delayed implementation of the accounting for these assets, an acknowledgement of the tremendous effort that will be required to bring them up to current reporting standards.

In short, this new reporting model provides you better information, truly more reflective of the financial condition of the Town, and we believe it will act as a catalyst in changing the manner in which financial decisions have typically been made in government.

The Town is in good financial health, but we have issues we are working on for the future that will allow this community to enjoy the quality of services and low level of taxation that they currently enjoy. Our financial practices that have been implemented over the years have been designed, in part, to insulate the Town from temporary distortions of revenues or expenses.

This community has spent tens of millions of dollars in improving the rustic flavor of the Town. Our municipal boundaries are now largely defined, save for an enclave of 5,000 people that will soon be annexed into the Town. This will mean that we will have to turn to other avenues of growth and look to rebirth of our older sections to provide enhancements in the tax base. In a recent study undertaken by the Town, we learned that we could avoid future tax increases by changing just 650 acres of existing vacant residential land to office/commercial space. The real trick is to find an area of the Town where making this change will have a minimal negative impact.

The Town has become an attractive location for light industrial operations. We are pleased that companies such as the pharmaceutical company Andrx have chosen to locate, and then expand, in Davie. Our eastern side of the Town is undergoing exciting redevelopment, across all land uses. These changes didn't happen overnight. Years of planning and development preceded these efforts, which only now are displaying tangible proof of the effort spent by the Town.

Davie is growing. A recent release of information by the Census Bureau indicates that we now have over 71,000 residents, with much diversity throughout the Town. This is a growth rate of about 60% during the last decade. Build out projections have the Town's population estimated to be in the low to mid-90's by the year 2010.

This growth has been accompanied by a tremendous land preservation effort by the Town. Davie implemented the State's first open space program and has acquired a considerable amount of land and developed connecting trails to its parks and open space areas. Horseback riding, bicycling, and hiking have all become favorite Davie pastimes. Land preservation efforts in Davie by the County and the State have yielded extraordinary benefits that complement the Town's efforts.

This financial report summarizes where we currently are financially. It helps us to understand where we can go and what we can do in the future. Planning is the most important tool available to us and the Town's planning effort extends to its finances as well. Our ability to tax is limited. The opportunities provided to municipalities under Florida law are limited, so we must work within the framework we are provided. For Davie to succeed, we must build value on what we have. Redevelopment on the east side will take years to fully implement, but we can already see the value of redevelopment to the tax base as underutilized lands become more valuable. This is the kind of value we must add, continually, to the Town, to keep our taxes stable and avoid increases in the future. Grow the tax base is our mantra. It served us well as the 20th century ended and will serve us well as the 21st century begins.

Davie is fortunate to have a significant university presence. Home to Nova Southeastern University, we are proud of the tremendous expansion that has been undertaken on their campus. The Miami Dolphins training camp, the new medical school, the new law school, the new school of dentistry, all recently completed, have brought new interest to the lands surrounding the campus. The new Wayne Huizenga Graduate School of Business and the new Research Library being brought to this area will also have very positive impacts. Other college and university campus facilities are also underway or planned by the University of Florida, Florida Atlantic University, Florida International University, and Broward Community College. It is estimated that 40,000 students and faculty a day visit all of these facilities. We have been fortunate to be able to maintain a steady taxing effort for the majority of the last decade.

We know the Town could use additional land uses that encourage office/commercial or light industrial development. The long term financial benefit to the Town has been demonstrated.

Significant Events and Achievements

Expansion of Fire Rescue Service

The Town once again expanded its provision of fire and emergency medical services (EMS). During the year, we completely took over EMS operations from our contractual provider. We entered into a temporary joint powers agreement with Broward County which allows both entities to support each others areas. As those county areas are annexed or incorporated, we expect to be completely providing this valuable service.

We also opened a new fire station at our public safety complex during the year, making a total of 4 stations and 5 engine companies now in the Town.

New Public Safety Complex

The Town opened its new Police and Fire Complex on Nob Hill Road. Financed by a 20 year voter approved bond issue, these new facilities give a very visible acknowledgment to the Town's steady improvement in its facilities. The new Police Headquarters has been designed with future expansion in mind. Impact fees are being collected on new development to provide funding for expansion in the future.

Downtown Streetscape and Other Redevelopment Efforts

The Town is undertaking an extensive \$2.1 streetscape project in the Downtown area. Part of the Town's Community Redevelopment Area, Downtown has long suffered from lack of identity. Recent interest from developers has given the Town encouragement in making this commitment. The Downtown's proximity to the 40,000 students and faculty of the South Florida Educational Complex makes it attractive for redevelopment. The Town, through its CRA, has also provided the framework that has encouraged new housing stock to be built in what was once a blighted area. We have built a community center, improved the park facilities, and set planning in motion to make this redevelopment occur. Our continuing commitment to public infrastructure in those areas appears to be giving builders confidence that they can sell a marketable product. For the first time, the Town has become an entitlement city eligible for Community Development Block Grant funds on a recurring basis. These funds will provide the Town with federal funding to improve areas that have low income and unaffordable housing. Our goal is to provide as much service and improvement to the targeted areas without creating bureaucracy and high administrative costs. Bricks and sticks is where the Town will concentrate its efforts. Redevelopment of older areas is part of the Town's plan to increase its tax base and reduce excessive demands for service. Blighted areas do not provide any significant source of revenue and create excessive demands for services. Our efforts in these areas over the years are now beginning to pay off. We have also been able to use the increment funding provided by this district to encourage one business to expand their plant and R&D facilities by over \$10 million. This publicly traded pharmaceutical company brings with them scores of new high paying positions in an attractive and growing industry.

Colleges and Universities

South Florida's rapidly expanding population has created a significant demand for higher education opportunities. The Town was well positioned to accommodate this demand because of land reserved specifically for this purpose in the 1960s. The South Florida Educational Complex houses facilities for Nova Southeastern University, Florida Atlantic University, Florida International University, The University of Florida, and Broward Community College. Nova Southeastern's expansion in the last few years has been unprecedented. The completion of the medical school, law school, and other facilities has been impressive. Over 1 million square feet of facilities have been added with more planned for the immediate future. The other schools' campus facilities have likewise grown and the Town has benefited from the growth. Developers covet the complex for the significant number of students and faculty who daily work and live on or near campus. There has been a noticeable improvement in the properties surrounding the complex and these improvements have been accompanied by increases in property values.

GENERAL INFORMATION

The Town of Davie was one of the first communities in Broward County, Florida. While part of the larger Fort Lauderdale/Hollywood metropolitan area, the Town has maintained much of its pioneering heritage and rustic, rural lifestyle. Agriculture, though still present and important to the Town, is giving way to higher education facilities and research and development centers. The Town has grown to over 34.5 square miles and is only about one-half developed. The Town's Open Space and Recreational programs were the first of their kind in Florida and they are a source of great civic pride. With modern port facilities and a world-class airport only moments away, and linked by several interstate and toll highways, the Town has proven to be a mecca for individuals and businesses wishing to be part of the

growing South Florida community. Only twenty minutes from Downtown Miami and less than half that to Fort Lauderdale, Davie has capitalized on this central and important location. Industrial and commercial development have been and will continue to be very strong.

REPORTING ENTITY

The activities included in our report are those over which the Town has the ultimate financial accountability. Any activity for which the Town, as a “primary” government, is ultimately financially accountable has been presented within this report. No activity has been excluded which would cause our financial statements to be misleading or incomplete. Certain activities are not included in this report because they do not meet the necessary criteria. For example, in Florida, school boards are independently elected and financially accountable for their finances. As such, the school board would present separate financial statements.

The Town has a Community Redevelopment Agency (CRA). Its purpose is to facilitate redevelopment of certain areas of the Town. It is financed by property tax revenues that are levied by the Town and certain other taxing authorities on the increased taxable values in those targeted areas that exceed a base year amount. This is called the tax increment. The CRA is a component unit of the Town and is reported as such within this report, but outside the primary government presentation. Its resources are tracked from year to year and its surpluses, if any, are available for purposes approved by the CRA Board and ratified by the Town Council. The Town Council appoints the CRA Board members.

SERVICES PROVIDED BY THE TOWN

The Town provides its residents and businesses with the full range of municipal services contemplated by state law or local charter. Included are police and fire services, culture, recreation, community services, licensing and permitting, general administration, water and sewer utilities, public works and maintenance, development and redevelopment services, and code enforcement. Through franchise agreements, the Town also provides garbage disposal, cable television, electricity, towing, and telephone and telegraph services.

GOVERNMENT STRUCTURE

The Town exists as a Council-Administrator form of municipal government. Under Florida law, Davie is considered a Municipal Corporation. The Mayor and four Councilmembers are elected by all registered voters; each of the four Councilmembers represents a specific district. The Mayor serves as chairperson of public meetings and executes certain documents authorized by charter, ordinance, or resolution. Each elected official serves a three-year term of office. The Council appoints the Town Administrator, the Town Clerk, and the Town Attorney. With Council's approval, the Town Administrator appoints Department Heads. The Department Heads have the primary responsibility to hire and fire employees, however, the final decision ultimately rests with the Town Administrator. The Town is organized into various Departments as shown in Illustration 1. The Budget and Finance Department, which has the responsibility for preparation of this report, is shown in Illustration 2.

THE TOWN ADMINISTRATOR'S OFFICE

This Office is responsible for leadership and the overall management of the Town. Any policy which the Town Council wishes implemented becomes the responsibility of this Office. Additionally, certain activities such as Research and Development, Community Redevelopment, Old Davie School Historic Site, Special Projects, and Economic Development are the responsibility of this Office.

THE BUDGET AND FINANCE DEPARTMENT

This Department is responsible for Financial Administration, Utilities Customer Service, Purchasing, and Information Systems.

THE ADMINISTRATIVE SERVICES DEPARTMENT

This Department is responsible for Town Clerk functions, Public Records and Meetings, Human Resources, and Risk Management.

THE DEVELOPMENT SERVICES DEPARTMENT

This Department is responsible for Planning, Zoning, and Land Use activities, Building Permits and Inspections, Occupational Licenses, and Code Enforcement.

THE POLICE DEPARTMENT

This Department is responsible for all aspects of Law Enforcement services. Dispatching is provided by the Broward County Sheriff.

THE FIRE DEPARTMENT

This Department is responsible for all Fire and Rescue operations of the Town, emergency medical services, and Fire Inspection services. Dispatching is provided by Broward County.

THE PUBLIC WORKS AND CAPITAL PROJECTS DEPARTMENT

This Department is responsible for the Town's non-recreational facilities and infrastructure other than Water and Sewer.

THE PARKS AND RECREATION DEPARTMENT

This Department is responsible for the recreational and cultural activities of the Town and for the operation and maintenance of the Town's extensive Open Space program.

THE WATER AND SEWER DEPARTMENT

This Department is in charge of the Town's Water and Sewer plant and operations.

THE ENGINEERING DEPARTMENT

This Department is responsible for the Infrastructure of the Town, including roads, drainage, and lighting. They are tasked with the inspection of the construction of these facilities by the Town and by others.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, MANAGEMENT RESPONSIBILITY, AND THE ANNUAL FINANCIAL AUDIT

A detailed understanding of the financial position and operating results of the Town is provided in the CAFR. Presented in the footnotes starting on page 25 is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources, obligations, and information. These notes cover the basis of presentation for the Government-wide Financial Statements and for the Fund Financial Statements, and the financial statement measurement focus and the basis of accounting for the Government-wide Financial Statements and the Fund Financial Statements. Together with the other footnotes, this information will provide useful information to the reader when assessing the CAFR.

Florida Statutes and the Town's Charter require an annual audit of the books of account, financial records, and transactions of all departments of the Town by an independent certified public accountant selected by the Town Council. While this requirement has been met, it is nonetheless management's responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the information as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial affairs have been included. It is the Town's practice to fully disclose any item it believes will give the reader a better understanding of the Town's financial standing. When practical, the Town adopts early any new GASB Statement. The Town is an active participant and supporter of both the Government Finance Officers Association of the United States and Canada (GFOA) and the Governmental Accounting Standards Board (GASB) of the Financial Accounting Foundation. We actively and openly support any change recommended by GASB that will enhance the reporting and understanding of local government finance. Additionally, under GASB Statement 34, we are now providing as Required Supplementary Information a new section for Management's Discussion and Analysis (MD&A), which you'll find beginning on page 3. MD&A is designed to be an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions.

Internal Accounting Controls

In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgets and Budgetary Accounting

The Town is legally required to adopt an annual budget for its General Fund. In September, formal public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally adopted.

The level of control, the level at which expenditures may not exceed the budget, is at the department level. The Town Administrator is authorized to transfer budget amounts within line items of departments. Any budget amendments between departments or that alter the budget in total must be approved by the Town Council. All unencumbered appropriations lapse at the end of the fiscal period.

Town Council approved budget amendments were made during the fiscal year. The Town amended the total budget by \$410,250 for various minor reasons. Budget amendments through the year generally reflect additional activities covered by funds not available when the budget is adopted in late summer. Throughout the year, unanticipated expenditures in the General Fund are covered by moving funds from a budgeted contingency account to the object of the expenditure in the appropriate department and program. Expenditures are not charged directly to the contingency account as that would mask the nature of the expenditure. The Town refrains from making end of year adjustments to its originally adopted or amended budget. Such techniques hide variances that should be explained. An account being over or under budget generally does not give the reader any useful information other than the variance to budget. An overbudget account may in fact have been "money better spent" because of the activity of the program.

Although service efforts and accomplishments are not currently Required Supplementary Information in the Comprehensive Annual Financial Report, this letter includes such information because it is a benefit to the readers of these statements.

Cash Management and Investment Practices

Throughout its operations, the Town utilizes modern cash management techniques. With the exception of the pension funds and the Community Endowment Fund, the main goal of the Town is preservation of principal. Cash is deposited daily either by the Town for over-the-counter receipts or by the Town's bank through a lock box arrangement. All funds are swept into an account with the State of Florida Board of Administration. Checking accounts are maintained on a "zero balance" basis by the bank and are swept daily with funds provided by the State. The bank acts as agent for the Town and can only transfer balances into accounts predesignated by the Town. The yield is considered acceptable by the Town for the security provided. All investments in the State pool are considered liquid and available for use by the Town.

Pension funds and the Town's Community Endowment Fund strive to achieve growth of funds through investments of Equities and Fixed Income securities. These funds are at risk of loss of principal, but the Town believes that over a very long period of time, a much greater yield will occur to offset any losses that occur from time to time. Without assuming a risk of investment, insufficient capital would accrue to these funds and they would require a greater financial commitment from the Town.

Because the Stock Market has been providing substantial returns for many years, our defined benefit pension plans have been experiencing returns that exceed their expectations. This in turn has reduced the Town's contribution to those plans. While this positively

affects the Town in the short term, there nonetheless remains a risk to the Town. As the Town's contribution rates declines, our budgets reflect these savings. However, when the inevitable losses do occur and our contributions increase to these plans, we must be prepared to increase our budgets without raising taxes. Our goal will be not to commit to new programs unless we believe a revenue stream will exist in the future to support those programs. We have set a policy of stable taxation in our community and our operating millage has not changed in over 7 years. The last millage rate increase occurred because we eliminated a tax on water service. This shifted the burden from the poor to those with more wealth.

As required by Florida law, the Town has adopted a formal investment policy for each of its funds.

Debt Administration

The Town believes that debt is a necessary and integral part of conducting its operations on a financially sound and equitable basis to all taxpayers. Since governmental funds do not utilize a "depreciation" concept, debt is used to provide intergenerational equity of the expense of capital items to the period in which the benefit of those items accrue to the community. For a community that is growing such as the Town, this debt burden assures that new residents and businesses pay for their fair share of Town facilities. The Town's goal is to maintain General Fund debt service, exclusive of voter-approved debt and special assessment debt, in the range of 7%-10% of the General Fund budget, net of debt service. Further, the Town believes that investment practices and debt administration should be considered together in managing interest rate exposures and risk. This asset/liability view is one we hope to refine further in the next few months. We believe looking at these activities together can achieve a lower overall net expense or greater new investment income. Our current practice of utilizing variable rate debt in much of our debt portfolio has provided an "internal hedge" against interest rate movements. We generally can expect about a 100 basis point spread between our variable rate debt and our variable rate investments. This provides us the benefit of lower interest rate on debt without the exposure to interest rate movements. There have been only a handful of months over the more than 10 years we have utilized this practice that our spread was negative. The benefits to the Town have been very favorable. It is important to keep in mind this strategy when we feel pressure to utilize our reserves to pay for new programs in an effort to temporarily avoid raising taxes. When reserves are utilized to avoid the inevitable tax increase, we lose our investment income exponentially and we would also increase our exposure to interest rate movements. This would force us to convert our debt or otherwise spend money on interest rate swaps to mitigate that risk. Both risk mitigation strategies would cost us money and add to a burden that otherwise should be avoided.

In non-governmental funds, the Town's practice is to use debt only when it can be demonstrated that specific users will be charged for and can repay that debt.

In all cases, the Town strives to achieve the overall lowest cost of debt while maintaining equity amongst taxpayers. In evaluating fixed rate debt versus variable rate debt, the Town takes bids from institutions and evaluates the best overall bid in terms of assumptions as to what will take place in the future. In all its bond arrangements, the Town may elect to use interest rate swaps to lower its costs.

Risk Management

The Town does not employ a risk manager, per se. The Administrative Services Department, in conjunction with the Budget and Finance Department and the Town's benefits consultant and actuary, structures the practices the Town feels best suit a situation. For liability and workers' compensation, the Town participates in the Florida League of Cities risk pools. These pools rate each entity based upon experience. From time to time, the Town rebids its insurance. Recently, the Town went through the exercise of bidding and found that the pooled program still provided the best coverage at the best price. The Town did, however, determine that it would self-insure the first \$25,000 of each workers' compensation claim. Casualty and losses carry deductible limits of \$1,000 per incident. General liability claims are fully insured. Actuarially, we believe this will save the Town money. Some insurance is not provided by the League. In those cases, the Town has the League secure quotes for those individual policies.

The Town is keeping the Self-Insurance Fund active for medical coverage. It may turn out that we return to self-insurance in the near future and we want to preserve this option. Also, some of the reserves in this fund will be used to mitigate rate increases in that plan. The Town also has an HMO plan that is not self-insured. Employees must choose between the indemnity plan and the HMO.

The Town has a safety committee that reviews all accidents, recommends preventative measures, and gives other advice that should help hold down the cost of all insurance.

The Town's practice is to identify all risk exposure and either fund the exposure, set acceptable limits for the exposure, or insure the exposure.

FINANCIAL STATEMENT FORMAT

This report is presented in four main sections: introductory, financial, statistical, and compliance. The introductory section is designed to provide an overview and general understanding of the report. The financial section provides to the reader a detailed presentation of the financial position and results for fiscal year 1999. The reader should pay particular attention to the footnotes and the MD&A of the financial section since current reporting standards require only footnote disclosure of some things which can and do have a significant impact on the future financial resources of the Town. The statistical section provides some general information the reader will find useful in gauging the financial statements to the historical and non-financial measures detailed in that section. The compliance section provides information about grants received by the Town and compliance with applicable laws, rules, regulations, contracts, and grants, as well as information and recommendations regarding the Town's system of internal controls.

The financial section is divided into four main subsections:

- 1) **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A).** MD&A is designed to be an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. It is the Town's financial managers who are knowledgeable presentation about the transactions, events, and conditions that govern the Town's operations. MD&A provides the financial managers with the opportunity to present both a short- and a long-term analysis of the government's activities.

2) **BASIC FINANCIAL STATEMENTS.** This section is further divided into three major subsections: (a) Government-Wide Financial Statements that provide easy to read information about the Town's Primary Government activities (broken down further into Governmental Activities and Business Activities) and Component Unit activities. (b) Fund Financial Statements that provide the more traditional "Fund Balance" approach information. and (c) Notes to the Financial Statements, which provide critical details on information contained within the report.

3) **REQUIRED SUPPLEMENTARY INFORMATION** This section provides budgetary compliance information, valuable pension schedules, and Fiduciary Fund information, which has been omitted from the Government-wide Financial Statements, but which information is indispensable in evaluating financial condition.

4) **COMBINING FINANCIAL STATEMENTS.** This section provides combining statements on internal service fund activity which has been eliminated in the Basic Financial Statements, as well as combining statements for the Town's Fiduciary Funds.

The reader is encouraged to carefully read each section, including the MD&A which provides key highlights and valuable analysis of the report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the Town of Davie for its comprehensive annual financial report for the fiscal year ended September 30, 1997. Because of delays in receiving the Police Pension report from the Police Pension Plan, the Town did not issue its FY98 CAFR within the required time frame required by GFOA. We believe that the FY98 CAFR complied in every other respect to qualify for the Certificate. This year's report is being submitted under early implementation of GASB Statement 34. Every attempt has been made to insure this CAFR complies with GFOA guidelines using the Statement 34 reporting format. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments

We greatly appreciate the time and effort expended in the preparation of this report by our Budget and Finance Department staff. We feel very fortunate that all of our staff has been with us for a very long time and that they care very much about their work and what it means to our community. Without their daily efforts, our work in preparing this document would be a much greater burden. We hope that you are as proud of them as we are and we cannot begin to express to you how indispensable they are to us and to you. They have our utmost confidence and they take their work seriously and display genuine professionalism. They are what we would hope all government employees should be. We again express our thanks for the cooperation received from our independent auditors, Rachlin Cohen & Holtz LLP, and thank the Town Council for their interest and support in planning and conducting the financial operations of the Town.

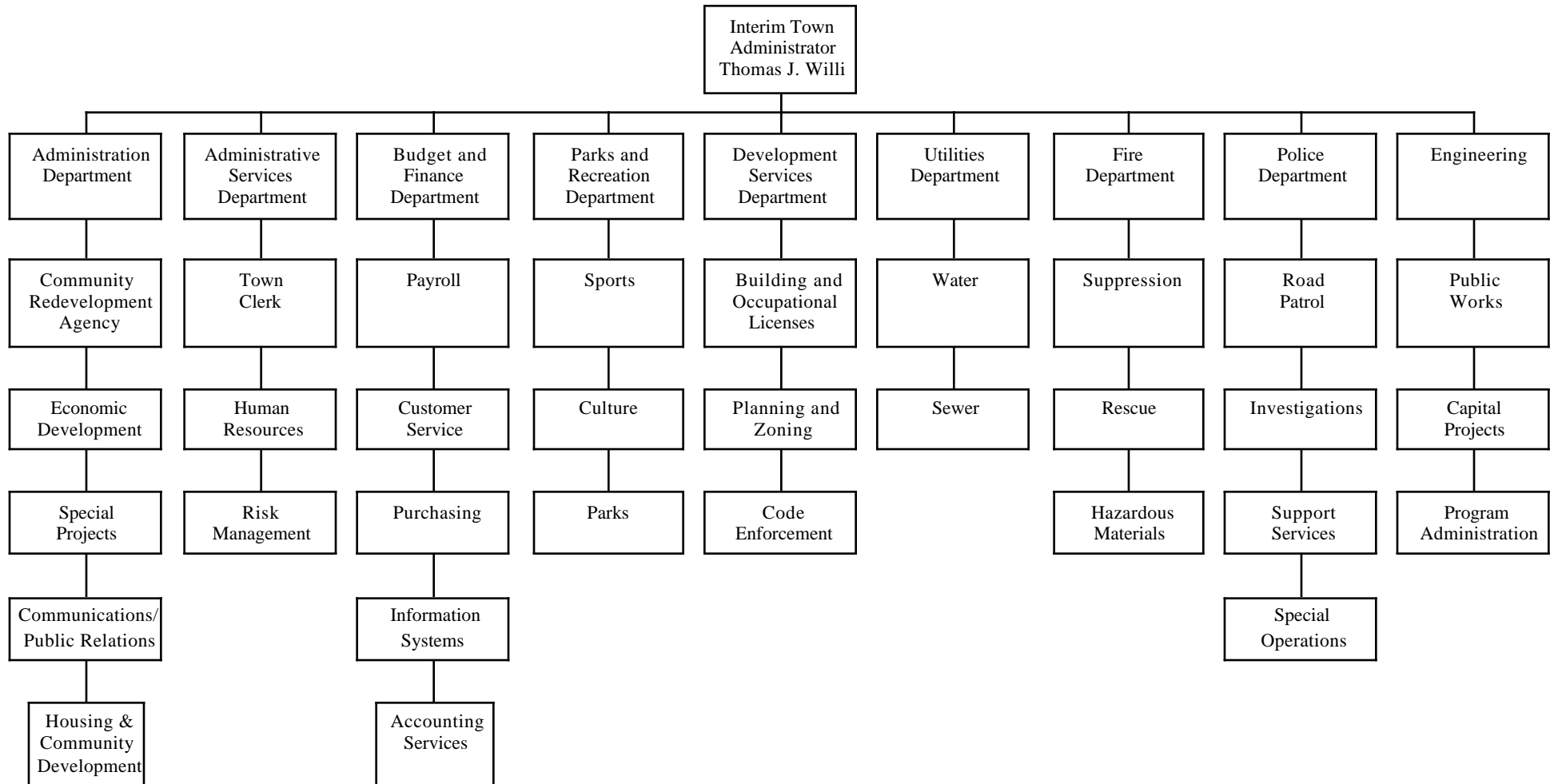
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Christopher Wallace, Budget and Finance Director

Carol Menke, Deputy Budget and Finance Director

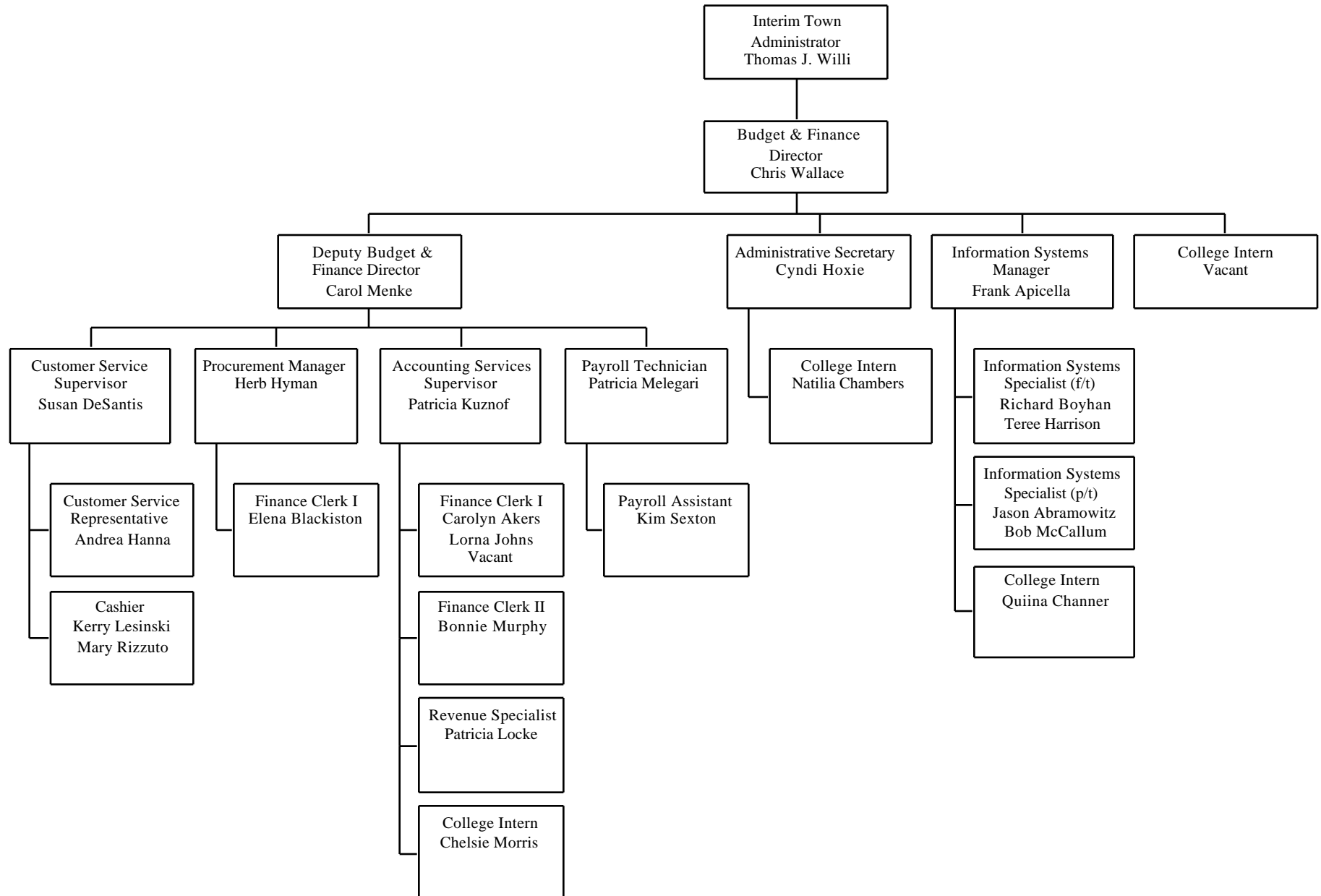
TOWN OF DAVIE

ORGANIZATIONAL CHART - ILLUSTRATION 1



BUDGET & FINANCE DEPARTMENT

ORGANIZATIONAL CHART - ILLUSTRATION 2



TOWN OF DAVIE
LIST OF PRINCIPAL OFFICIALS

1999-2000 Town Council

Harry Venis	Mayor
James Bush	Vice Mayor
Kathy Cox	Councilmember
Judy Paul	Councilmember
Richard Weiner	Councilmember

2000-2001 Town Council

Harry Venis
Richard Weiner
Geraldine Clark
Kathy Cox
Judy Paul

Administrative Officials

Thomas J. Willi	Interim Town Administrator
Christopher Wallace	Budget and Finance Director
Dan Colabella	Utility Director
Barbara McDaniel	Acting Administrative Services Director
John George	Police Chief
Sid Marchant	Acting Fire Chief
Mark Kutney	Development Services Director
Sharon Kent	Parks and Recreation Director
Monroe Kiar	Town Attorney
Rachlin Cohen & Holtz LLP	Town Auditors

FINANCIAL SECTION



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, Town Council and Town Administrator
Town of Davie, Florida

We have audited the accompanying basic financial statements of the Town of Davie, Florida (the Town) as of and for the year ended September 30, 1999, as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Town of Davie Police Officers Retirement System which represent 54% and 52%, respectively, of the assets and revenues of the fiduciary fund totals which are included in the fund financial statements. Those financial statements were audited by other independent auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Davie Police Officers Retirement System, is based solely on the report of the other independent auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our report and the report of other auditors, the basic financial statements referred above present fairly, in all material respects, the financial position of the Town, as of September 30, 1999, and the results of its activities, operations and the cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

As described in Note A, the Town adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as of October 1, 1998.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2000 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

One Southeast Third Avenue, Tenth Floor, Miami, Florida 33131 • Tel 305-377-4228 • Fax 305-377-5331
Offices in: Miami • Ft. Lauderdale • Boca Raton • West Palm Beach • Stuart
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We are Chartered and Licensed Accountants, Inc. with offices in principal cities throughout the state.
Members of the American Institute of Certified Public Accountants and members of the Florida Institute of Certified Public Accountants.



Honorable Mayor, Town Council and Town Administrator
Town of Davie, Florida
Page Two

Required Supplemental Information

The Management's Discussion and Analysis and the required supplemental information other than Management's Discussion and Analysis on pages 3-16 and pages 43-46, respectively, are not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Combining Financial Statements and Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information identified in the table of contents as combining financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Similarly, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Davie, Florida. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Robertson Cohen & Holly LLP

Fort Lauderdale, Florida
January 7, 2000

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The Town of Davie's discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the Town's financial activities based on currently known facts, decisions, or conditions. It is intended to provide a broad overview on short-term and long-term analysis of the Town's activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the first year that the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement Number 34 — *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (Statement 34). Because this new reporting model changes significantly not only the presentation of financial data, but the manner in which the information is recorded, prior year comparative information for this reporting periods MD&A has not been included. The omission of this comparative information is unavoidable and unfortunately puts the reader in a less than desirable posture. In preparing the information summarized below, we have tried to keep in mind this disadvantage by expanding on the narrative with our opinion of the changes from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Understanding the Basic Financial Statements

GASB Statement 34 represents a monumental change from the way in which government financial statements are recorded and presented. It now provides for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a combined overview of the Town's financial position and result of operations, eliminating interfund activities and "other people's money" such as pension funds, which can mislead users when incorporated in a combined manner.

The Government-wide Financial Statements also differentiate between Governmental and Business-type Activities, further assisting the reader in their evaluation. Component Units, such as the Town's Community Redevelopment Agency, which is operated semi-autonomously, are presented "outside" of the "primary" government's presentation, but in a manner that can also benefit the reader.

Additionally, this new reporting model requires the use of accrual accounting (which focuses on economic resources) at the top most level, while maintaining modified accrual accounting (which focuses on current financial resources — budgeted resources) at the individual fund level. This is an important change in governmental accounting. For the first time, the impact of long-term financial decisions can be more properly matched to the period in which the expense or revenue is more properly attributed. In short, more fairness in presentation is achieved and the impacts of long-term decisions are promptly recorded as the transactions occurred, as opposed to the traditional method of recording them when the bill is paid. A good example of this is the recording of compensated absences such as vacation time. Heretofore, this time was "expensed" as paid, not when earned. As a result, employees could accrue hundreds or thousands of hours in the past without that expense being attributed to the taxpayers who benefited from those employees services. Future taxpayers would be stuck with the bill when the employees left, but they would not have benefited from those employees services. This is but one of many examples of "expenses" that have traditionally not been matched to the period of benefit. As a result, poor decision making can occur and problems may not be identified in a timely manner.

But readers also still want to know about "budgetary performance" and that information is still available to you in the Fund Financial Statements. This new reporting model provides more useful and relevant information than in prior years. An overview discussion of the different sections of this new reporting model follow.

Government-Wide Financial Statements

The government-wide financial statements (see pages 13-14) consist of a Statement of Net Assets and a Statement of Activities. Both statements represent an overview of the Town as a whole, separating its operations between Governmental and Business-type activities. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense attributed. The Town's Community Redevelopment Agency is shown as a Component Unit of Government — which is a governmental unit over which the Town can exercise influence and/or may be obligated to provide financial subsidy. Fiduciary funds, such as pension trust funds, are precluded from these Government-wide Financial Statements because they represent money and funds legally set aside for use by the employee groups they benefit. Their assets and income

do not flow through these statements, nor are the liabilities for which taxpayers may ultimately be responsible included. Though Florida law requires municipalities to fund pension plans on an actuarially sound basis, it is important for the reader to study the Fund Financial Statements (as explained in the following section) as well as the footnotes and statistical sections of this report. Also combined from the Government-wide Financial Statements are the Internal Service Funds of the Town.

The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) (page 13) is designed to be similar to a bottom line for the Town and its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets (note: infrastructure will be added at a later date, see “Infrastructure Assets” below) and long term obligations.

The Statement of Activities (page 14) is focused on both the gross and net cost of various activities (including governmental, business-type and component unit) which are provided by the government’s general tax and other revenues. This is intended to summarize and simplify the user’s analysis of cost of various governmental services and the local taxing effort necessary to sustain each of those activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The Governmental Funds (see pages 15-19) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith. The Fund Financial Statements also allow the government to address its Fiduciary (or Trust Funds) (see pages 23-24) summarized by type (pension, investment and private purpose trusts). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. While the Total column on the Business-type Fund Financial Statements (see pages 20-22) is the same as the Business-type column on the Government-Wide Financial Statements, after adjusting for internal service funds, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 16 and 19). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations(bonds and others) into the Governmental Activities column (in the Government-wide statements).

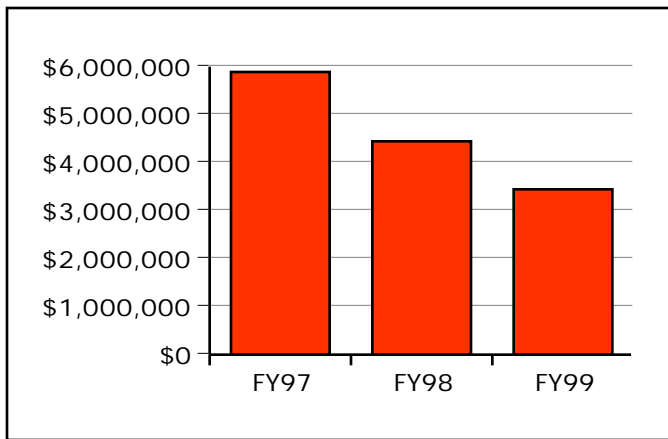
Infrastructure Assets

While the Town has elected to early implement the major model portions of GASB Statement #34 (for 1998/99 versus 2002/03), the Town will defer implementing the infrastructure portion related to general governmental activities until ready to address the modified approach . Historically, governmental fixed assets, particularly infrastructure assets, have only been accounted for using the current financial resources (budgeted resources) method, and have not been expensed annually through depreciation or accounted for otherwise, the Town expects to spend tremendous effort to build this information and properly account for it. During fiscal year 2001, we will undertake this project and we expect to implement infrastructure reporting for that period, as provided for in GASB Statement 34. Nonetheless, the Town has spent several million dollars over the last few years, with significant reservations of fund balances in the General Fund earmarked for even more improvements. While repairs, reconditioning, and replacement of certain assets is likely to be needed after this implementation, we feel that, for the most part, the Town’s infrastructure assets are in good condition with funding sources continually earmarked for these specific purposes.

Important Reminder: Because this is the first year the Town has reported its Financial Activities in the GASB Statement 34 format, comparative information from prior years is not available.

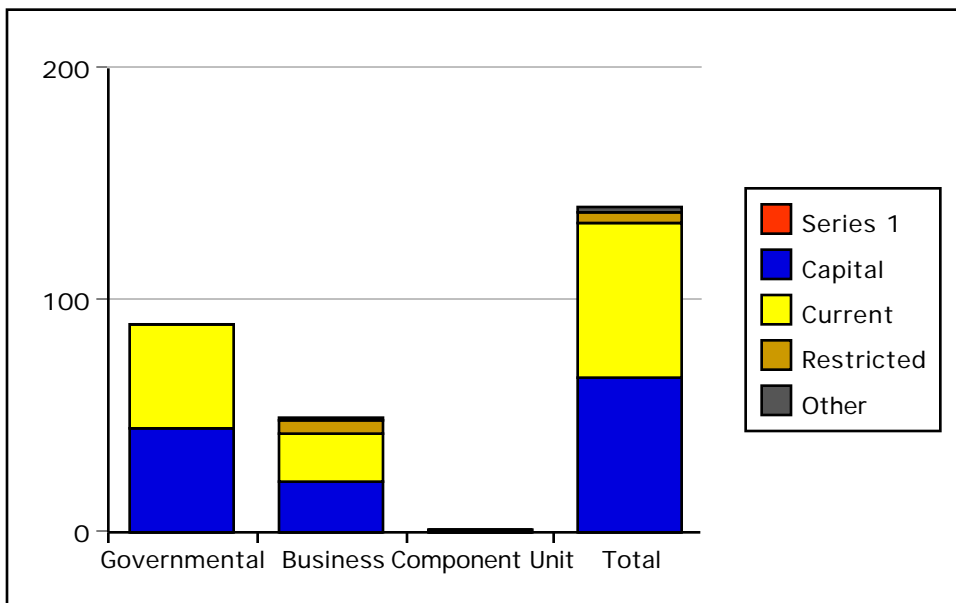
Analysis Of The Overall Financial Position And Results Of Operations

At first blush, the Town’s Governmental Activities would appear to have notably improved over FY98, but a closer analysis reveals that much of this improvement is due to excess revenues attributable to development activities. Additionally, since historical data is unavailable this first year under the new reporting model, a review of the General Fund Unreserved Fund Balance reveals a disturbing trend on our non-committed reserves:

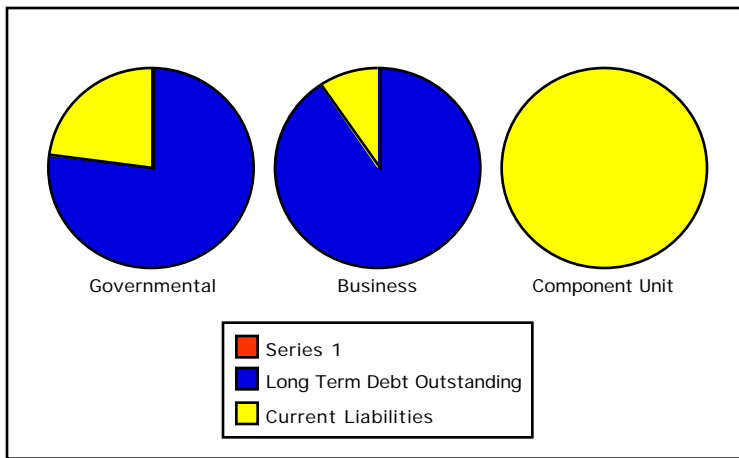


Some of the FY99 reserves were used to fund capital projects which will later be reimbursed by bond issues; nonetheless, as the Town's General Fund expenditures have been rapidly growing, the uncommitted reserves of the Town's General Fund have not kept pace with that growth.

The Town has undertaken significant capital improvements over the last few years and has financed those improvements through the use of long-term debt. Consequently, the Town has built up liquid assets such as cash and investments while also building up capital assets. As seen from the graph below, throughout the Town as an entity, Total Assets are split fairly equally between Capital and Current Assets.



Liabilities of the Town show that the Town's ability to meet its current obligations is very strong, and also reflects our policy of financing capital improvements with long-term debt:



Net Assets of the Town represents the difference between Assets and Liabilities of the Town using the economic resources measurement focus and accrual basis of accounting. At the end of the FY99, the Town's Governmental Activities had *negative* Unrestricted Net Assets of \$426,328. Had the Town accounted for its infrastructure assets, Net Assets Invested In Capital Assets, Net of Related Debt would have been significantly higher. Under GASB 34, infrastructure reporting will be delayed until FY2001.

	Governmental Activities	Business-type Activities	Component Unit (CRA)
Capital Assets, Net of Related Debt	\$14,310	\$53	\$171
Restricted to Specific Purpose	18,033	3,236	-
Unrestricted	-426	20,074	298

(number rounded to thousands; may not sum due to rounding)

Fiscal Year 1999 did result, though, in a measurable improvement in Net Assets, indicating favorable results for the year, improving nearly 19% for the Primary Activities. Governmental Fund changes were favorable because of tremendous development activity and other favorable revenue variances that ultimately contributed, net, about \$4.3 million to fund balance. Reserves built up in Internal Services funds contributed an additional \$1.5 million, while the net of capital improvements over capital financing added about \$1.1 million. Compensated absences liabilities increased by approximately \$300 thousand, or by 21% from the previous year. Business-type Activities resulted in approximately \$1 million added to Net Assets, with the Town's fledgling Aquaculture business line losing about \$170 thousand. The Town's Community Redevelopment Agency added almost \$300 thousand to its Net Assets. This Component Unit will be growing quickly in the next few years.

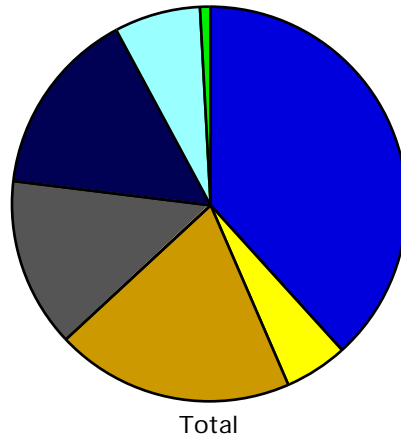
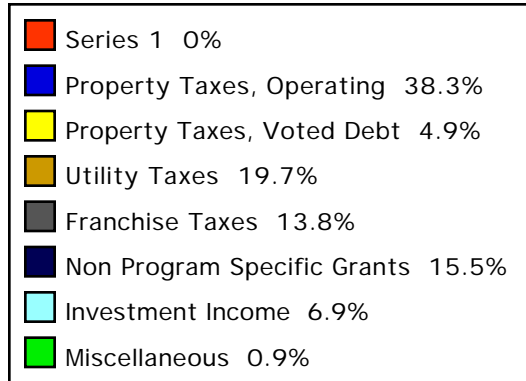
Much of the growth that is occurring in Davie is representative of the high growth occurring in the area. This growth has fueled both our revenue increases and the demand for additional services. Though the Town constructs its budget without relying upon development revenue, it has happened over the more recent years that excess revenues have been received by the Town. In future years, this excess will be set aside and used for those years when development activity slows.

	Governmental Activities	Business-type Activities	Total Primary	Component Unit (CRA)	Total Entity
Net Assets, 10/1/98	\$24,065	\$422,446	\$46,511	\$177	\$46,688
Changes in Net Assets	7,852	916	8,768	292	9,060
Net Assets, 9/30/99	<u>\$31,917</u>	<u>\$23,363</u>	<u>\$55,280</u>	<u>\$469</u>	<u>\$55,749</u>

(number rounded to thousands; may not sum due to rounding)

About 72% of the Town's Governmental operations are funded by General Revenue sources that are not attributable to any one particular activity. As you can see, the Town is dependent upon property taxes and taxes on utilities, both through franchises and through direct taxation of those utilities, which combined account for about 77% of these General Revenues.

Revenue Sources



The Town has in place many charges that are designed to recover in part or in whole the cost of providing services. Florida case law prevents the Town from recovering more than the cost of the services provided, except for proprietary activities. In the Governmental Activities, clearly the largest source of Service Charges comes from Development and Engineering related activities. Water and Sewer Service Charges comprise the lions share of the business service charges. In the chart below, the Operating Grants for Police represent generally the U.S. Department of Justice grants that will eventually disappear, leaving the Town with the local responsibility of fully funding those services. Service Charges for Fire Rescue are expected to increase in future years as the Town expands these services. Fire Rescue assessments and transport revenues will help to offset the property tax burden that would otherwise be imposed. Recent Florida court decisions may limit the degree to which assessments may be levied for Fire Rescue services.

	Service Charges	Operating Grants	Capital Grants	Total Program Revenue
Program Revenues				
Governmental Activities	\$7,923	\$4,089	\$830	\$12,842
General Government	78	30	-	108
Development Services	4,359	5	450	4,814
Engineering	416	-	-	416
Public Works	86	1,205	-	1,291
Police	920	2,106	380	3,406
Fire Rescue	1,638	17	-	1,655
Parks and Recreation	426	727	-	1,153
Business-type Activities	\$5,994	-	\$1,314	\$7,308
Water and Sewer	5,978	-	1,314	7,292
Aquaculture	16	-	-	16
Component Unit (CRA)	-	\$11	-	\$11
Entity-wide Program Revenues	<u>\$13,917</u>	<u>\$4,100</u>	<u>\$2,144</u>	<u>\$20,161</u>

(number rounded to thousands; may not sum due to rounding)

Expenses within the Town continue to grow at a rate which will soon out pace the revenue growth. Much of the expenditure growth has been masked by the availability of increased revenues associated with strong construction activity and annexations of additional tax base areas. Our opportunities for growth through annexation are now significantly restricted as the Town has only one remaining area of possible annexation that would yield net revenues. Significant growth has occurred in both Police and Fire Rescue services. This has occurred because of increased hiring of personnel and contractual obligations that have out paced the tax base growth.

	Total Expense	Percent of Entity-wide Total
Program Expense		
Governmental Activities	\$38,856	83.66%
General Government	2,905	6.26%
Development Services	3,386	7.28%
Engineering	169	.37%
Public Works	2,067	4.46%
Police	15,525	33.43%
Fire Rescue	7,820	16.84%
Parks and Recreation	4,945	10.64%
Interest on Long Term Debt	2,039	4.39%
Business-type Activities	\$7,409	15.95%
Water and Sewer	7,220	15.54%
Aquaculture	189	.41%
Component Unit (CRA)	\$178	.39%

Entity-wide Program Expenses **\$46,443**

(number rounded to thousands; may not sum due to rounding)

Individual Fund Performance

Governmental Funds

In the General Fund, the Town's Revenues exceeded its expenditures by over \$3.6 million, with much of this excess generated by income related to development activity. Discounting those services and the revenues associated with them, the Town essentially broke even on operations not related to revenues. Further discussion on the particulars will be found below in the Budget Variance Section.

The Community Endowment Fund added a nominal approximately \$250 thousand to the corpus of its trust, reflecting a very soft value stock market for the year.

The Capital Projects Fund provided projects of about \$9.6 million to the community last year, with more than half that amount being spent to complete the Town's new public safety complex on Nob Hill Road. Open space projects and parks projects accounted for approximately \$1.5 million of added facilities, with Streets, Roads, and Drainage projects accounting for almost \$2 million of the total activity.

The Vehicle Maintenance Fund reflected substantial Operating Income that added nearly \$800 thousand to Net Assets of that fund. In the near future, the Town will utilize a large portion of those Net Assets to construct desperately needed fleet maintenance facilities.

The Self Insurance Fund added about \$500 thousand to its Net Assets, improving this funds ability to handle larger losses and assume more risk if, actuarially, that proves more financially attractive to the Town. Reductions in internal charges due to these reserves is contemplated.

The Information Systems Fund added over \$230 thousand to its Net Assets, raising them to nearly \$400 thousand. This fund is not accumulating enough resources to sustain its operations and future years contributions from other funds will be increased.

The Building Maintenance Fund, the youngest of all the Town's internal service funds, had operations that added over \$100 thousand to its Net Assets. It will take several more years for this fund to accumulate the capital necessary to adequately address the Town's facility needs. The FY2000 budget included increased funding in large part to address the needs of this fund.

The use of these funds has served to insulate recurring capital replacement needs from the volatile budgetary process. As a result, the Town's needs for vehicles, information systems, and building component replacement and maintenance have been adequately addressed and management of these often neglected needs has been very effective.

Business-type Activities

The Town's Water and Sewer system provided Operating Income of about \$1.5 million that resulted in a primary Net Revenue Bond Coverage of 1.19. Rates in the system have been predicated on coverage of 1.15, with the legal requirement being 1.10. In FY98, the Town lowered its Water and Sewer rates by 28% as a matter of public policy. The Town does not draw revenue from the Water and Sewer Fund to pay for expenses in the Town's General Fund. The Town's practice has been to provide this service in a quality manner at an affordable price and not to make "excessive" profits. Coverage prior to the rate reduction had been approaching 2.0. Net Assets, Unrestricted, in the fund are approaching \$20 million. The Town has made plans to shut down one of its water treatment plants in order to save more money on the system. Because coverage is tight on this fund, constant management of the financial operations is required.

The Aquaculture Fund lost about \$170 thousand dollars, bringing Net Assets down to a negative \$426 thousand. The Town is contemplating changes to the operations of this facility and its management agreement with Nova Southeastern University. Production of fish has progressed well, but sales are lagging forecasts due to the inability to harvest large quantities at one time. The technical problems associated with operating the aquaculture facility in the depths of the tanks at our old wastewater treatment facility have been more difficult to solve than anticipated. Working capital for this fund is provided for by the Community Endowment Fund.

Fiduciary Funds

The Town's pension funds posted sizable additions which added nearly \$7 million to the net assets of the plans. Changes in pension benefits to police and fire plans will have a detrimental impact on the funds which will be mitigated by recent changes being approved in the actuarial assumptions and methods established by the Boards of the plans. State funding for these plans has been withheld due to reporting problems and actuarial methods employed by the Boards. The Town feels these issues will ultimately be favorably resolved, but the Town will still not have benefited from the income that would have been derived from the timely deposit of these monies. Subsequent to year end, the Town received a significant amount of funding from the State.

Analysis of Significant Budget Variations

Budget variance reporting is only included for the General Fund. Summarized below are the significant variances accompanied by an explanation:

- Licenses and Permits, Favorable \$1.3 million variance.
Attributed to tremendous development activity that resulted in fee income associated with permitting activity.
- Charges For Services, Favorable \$1.1 million variance.
Attributed to increased development activity resulting in various Development Services and Engineering fees, EMS transport revenue resulting from an advance take over of services and other various items.
- Interest, Favorable \$431 thousand variance.
Attributed to better than expected investment income on a larger than expected investment portfolio.
- Town Administration, Operating Expenses, Unfavorable \$119 thousand variance.
Attributed to legal fees and miscellaneous accounts.
- Development Services, Operating Expenditures, Unfavorable \$377 thousand variance.
Associated primarily with Community Development Block Grant (CDBG) activity that was not originally budgeted within the General Fund budget process but that had been accounted for in the Annual CDBG Action Plan.

- Development Services, Capital Outlay, Favorable \$590 thousand variance.
Attributed to Capital Outlay plans in the CDBG program that were budgeted but not undertaken during the fiscal period.
- Parks and Recreation, Personnel Services, Favorable \$364 thousand variance
Attributed to budgeted positions that were not filled during the fiscal period.
- Parks and Recreation, Operating Expenditures, Favorable \$137 thousand variance.
Savings realized in various accounts. No particular pattern over the roughly 100 accounts.
- Police Department, Personnel Service, Unfavorable \$1.2 million variance.
Mostly attributed to positions not budgeted but funded through grants received.
Other factors included excessive overtime and court standby pay. The practices that led to excessive court standby pay have been changed to eliminate waste.
- Police Department, Capital Outlay, Unfavorable \$460 thousand variance.
Attributed to expenses used on Capital Items received but not budgeted .
- Fire Department, Personnel Service, Unfavorable \$360 thousand variance.
Attributed to personnel hires advanced funded to expand rescue services within the Town.
- Public Works, Operating Expenditures, Favorable \$166 thousand variance.
Attributed to spending less than budgeted in Landscaping and Road Maintenance.
- Debt Service, Interest, Favorable \$162 thousand variance.
Interest on variable rate debt was less than budgeted.
- Impact Fee Reserves and Contingencies, “Favorable” \$700 thousand variance.
These represent budgetary fund balance, both reserved and unreserved.
Expenditures are not charged to these accounts.
- Other Financing Sources (Uses)
Although reported as variances, these accounts reflect the manner in which the Town funds its Capital Projects (through the General Fund to the Capital Projects Fund) and the timing differences that can occur since Capital Projects will generally overlap fiscal periods.

Significant Capital Assets and Long-Term Debt Activity

The Town issued \$10 million in debt assumed in its Governmental Funds during the fiscal period. This debt was issued for the purpose of funding voter approved parks and recreation projects. The debt extends for up to 20 years, but has an average life of approximately 12 years. The debt was issued for a fixed all in rate of 4.119% fixed for the term.

Also, subsequent to the fiscal year end, the Town issued an additional \$7 million for various public improvements that will occur or that have already taken place but were reimbursed through long-term debt proceeds. Of that \$7 million, the Town issued \$2 million as part of a \$12 million voter approved authorization for parks and recreation projects. \$10 million of that is discussed above. The \$2 million issued is structured in term identically to the \$10 million issue, but it is a variable rate instrument. The remaining \$5 million has a 15 year term with an average life of about 8 years and is also a variable rate instrument.

All debt is issued as part of a long term financing mechanism for almost all capital projects or significant capital outlay items. The variable rate portion of the debt portfolio is designed to lessen interest rate risk by hedging against variable rate investments, while allowing for a cheaper cost of funds. Variable rate debt is matched to the Town’s variable rate investments with the goal of achieving a 100 basis point spread. Historical spread levels have been, on average, about 90%. This internal hedge insulates that part of our asset/liability mix from interest rate movements.

The Town spent approximately \$11 million in Governmental Funds Capital Assets, representing a fairly typical year in such undertakings. About \$400 thousand in new Capital Assets was provided for in the Water and Sewer system, but this comes on the heels of significant improvements in the most recent years and also in advance of other planned improvements in the

near term. This amount does not include significant amounts spent on repairs and maintenance but which do not qualify for categorization as a Capital Asset.

Capital Contributions from developers in the Water and Sewer system amounted to about \$1.3 million, representing mostly contributions-in-aid of construction.

In the Governmental Funds, the Town was the beneficiary of approximately \$14.5 million in obligations by developers for various infrastructure improvements. When the Town implements that part of GASB 34 that deals with accounting for infrastructure, this activity will flow through the financial statements.

Currently Known Facts, Decisions, and Conditions

In the conduct of municipal government, various lawsuits, commitments, and contingencies will arise. Significant disclosure of these items appear starting on page 37 of the report.

Of particular note, though, is the withholding of State pension funds for the Town's Police and Fire Pension plans. Many of the issues advanced by the State had remained unaddressed by the autonomous Board's, resulting in a withholding of funds. Since the Town is ultimately responsible for funding these plans, the loss essentially flows to the Town. The Pension plans represent the largest single liability of the Town and one in which the Town is exercising insufficient influence and control. In addition to independent actions of the Board, bargaining units are exercising influence of the direction of plan benefits. Labor costs in both Police and Fire are growing at an extraordinary rate. The long term implications for the community can mean financial hardship during times when development or growth recede, and these high fixed costs will continue.

Florida has many limiting measures on residential property taxes, and all affect the Town. The first \$25,000 of assessed value is exempt from taxation on homestead property. Additionally, homeowners over age 65 and who have income less than \$20,000 are able to avoid taxes on the next \$25,000 of assessed value. Florida's Constitution was amended with the Save Our Homes amendment. Homestead property is now limited to a maximum 3% increase in assessed value per year, or less if inflation is less. Davie is almost two-thirds residential in character and much of the new housing stock is being built at the high end of the market. That part of the Town's tax base will not grow as quickly as the Town's budget.

Additionally, the Town has a Community Redevelopment Agency that is making improvements on the east side of the Town. This agency encompasses an area which has most of the industrial lands within the Town. The growth in this area's tax base will inure to the Component Unit and not the Government Activities of the Town, restricting the Town's revenue growth potential even further.

Annexations are almost complete in the Town with but one enclave remaining. The Town will almost certainly be annexing this area in the next couple of years and will provide some breathing room against these budget pressures. The Town is in need of better land use mixes in its tax base to overcome these obstacles.

Florida Courts are restricting the manner in which Fire Rescue assessments may be levied. Conflicts in rulings have arisen. The Town's apportionment methodology for these assessments may need to change, but the amount recovered through assessments will not be imperiled.

The Town has, over the years, implemented meaningful leave time caps for its employees, except in its two most expensive sources: Police and Fire. The liability accrued for this year increased the Town's exposure by over 21% from the previous period.

The Town is contemplating a fixed to variable interest rate swap in its Water and Sewer fund to lower the cost of net interest and to better match its asset/liability portfolio.

Subsequent to year end, the Town agreed to provide a retiree health benefit to its Fire Labor Union. Annual expenses in payroll for Fire Union employees will rise about 2%.

The State of Florida has recently passed significant changes to Police and Fire Pension plans that may materially impact the plans the Town provides to those employees. The Town is ultimately responsible for the funding of those plans and may need to increase its annual contributions in the near future.

The Town is located within Broward County in South Florida. The area has seen substantial growth in the last few years. Davie is a desirable location for both residences and businesses. The "leading indicators" of growth, such as platting of parcels of lands, site plans of lands, requested land use and zoning changes, have all been very strong, indicating the outlook for continued growth is favorable.

Contacting The Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Town of Davie Budget and Finance Department at 6591 Orange Drive, Davie, Florida, 33314, or call (954) 797-1050.

BASIC FINANCIAL STATEMENTS

TOWN OF DAVIE, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 1999

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<u>ASSETS</u>				
Pooled Cash and Cash Equivalents	\$35,766,646	\$19,669,299	\$55,435,945	\$352,957
Investments	4,261,772	-	4,261,772	-
Receivables, net	4,447,624	1,594,253	6,041,877	-
Prepaid Expenses	286,632	11,608	298,240	-
Inventory	7,495	146,131	153,626	-
Internal Balances	452,320	(452,320)	-	-
Restricted Pooled Cash and Cash Equivalents	-	3,971,238	3,971,238	400,000
Restricted Accounts Receivable	-	831,956	831,956	-
Other Assets	-	1,444,859	1,444,859	-
Capital Assets, net	44,893,564	21,831,257	66,724,821	294,831
Total Assets	90,116,053	49,048,281	139,164,334	1,047,788
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	6,862,079	1,343,442	8,205,521	5,830
Deferred Revenue	962,142	-	962,142	-
Estimated Insurance Claims	817,375	-	817,375	-
Other Liabilities	390,844	-	390,844	573,258
Current Portion of Bonds Payable	4,479,636	1,025,000	5,504,636	-
Deposits	-	734,976	734,976	-
Noncurrent Portion of Compensated Absences	1,746,885	198,803	1,945,688	-
Noncurrent Portion of Bonds Payable	42,940,116	22,383,370	65,323,486	-
Total Liabilities	58,199,077	25,685,591	83,884,668	579,088
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	14,309,891	52,602	14,362,493	170,867
Restricted for:				
Renewal and Replacement	-	1,988,819	1,988,819	-
Capital Projects	14,147,103	1,247,444	15,394,547	-
Debt Service	1,084,000	-	1,084,000	-
Open Space	1,689,966	-	1,689,966	-
Law Enforcement	463,257	-	463,257	-
Police Impact Fees	443,841	-	443,841	-
Fire Impact Fees	205,246	-	205,246	-
Unrestricted (Deficit)	(426,328)	20,073,825	19,647,497	297,833
Total Net Assets	\$31,916,976	\$23,362,690	\$55,279,666	\$468,700

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 1999

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities								
General Government	\$2,905,407	\$78,074	\$29,701	\$ -	(\$2,797,632)	\$ -	(\$2,797,632)	\$ -
Development Services	3,385,610	4,359,134	4,760	450,131	1,428,415	-	1,428,415	-
Engineering	168,819	416,106	-	-	247,287	-	247,287	-
Public Works	2,066,774	85,890	1,204,679	-	(776,205)	-	(776,205)	-
Police	15,525,304	919,829	2,106,435	380,042	(12,118,998)	-	(12,118,998)	-
Fire Rescue	7,820,451	1,637,869	16,544	-	(6,166,038)	-	(6,166,038)	-
Parks and Recreation	4,945,341	426,243	726,892	-	(3,792,206)	-	(3,792,206)	-
Interest on Long-Term Debt	<u>2,038,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,038,608)</u>	<u>-</u>	<u>(2,038,608)</u>	<u>-</u>
Total governmental activities:	<u>38,856,314</u>	<u>7,923,145</u>	<u>4,089,011</u>	<u>830,173</u>	<u>(26,013,985)</u>	<u>-</u>	<u>(26,013,985)</u>	<u>-</u>
Business-Type Activities								
Water and Sewer	7,220,249	5,977,524	-	1,313,770	-	71,045	71,045	-
Aquaculture	<u>188,538</u>	<u>16,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,186)</u>	<u>(172,186)</u>	<u>-</u>
Total business-type activities	<u>7,408,787</u>	<u>5,993,876</u>	<u>-</u>	<u>1,313,770</u>	<u>-</u>	<u>(101,141)</u>	<u>(101,141)</u>	<u>-</u>
Total primary government	<u>\$46,265,101</u>	<u>\$13,917,021</u>	<u>\$4,089,011</u>	<u>\$2,143,943</u>	<u>(26,013,985)</u>	<u>(101,141)</u>	<u>(26,115,126)</u>	<u>-</u>
Component Unit:								
Community Redevelopment Agency	<u>\$178,416</u>	<u>\$ -</u>	<u>\$10,840</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,576)</u>
General Revenues								
Taxes:								
Property taxes, levied for general purposes					12,973,094	-	12,973,094	459,706
Property taxes, levied for debt service					1,658,005	-	1,658,005	-
Utility Taxes					6,660,567	-	6,660,567	-
Franchise Taxes					4,674,734	-	4,674,734	-
Grants and contributions not restricted to specific programs					5,246,280	-	5,246,280	-
Investment Income					2,328,774	1,017,429	3,346,203	-
Miscellaneous					<u>324,732</u>	<u>-</u>	<u>324,732</u>	<u>-</u>
Total general revenues					<u>33,866,186</u>	<u>1,017,429</u>	<u>34,883,615</u>	<u>459,706</u>
Change in net assets					7,852,201	916,288	8,768,489	292,130
Net assets, October 1					<u>24,064,775</u>	<u>22,446,402</u>	<u>46,511,177</u>	<u>176,540</u>
Net assets, September 30					<u>\$31,916,976</u>	<u>\$23,362,690</u>	<u>\$55,279,666</u>	<u>\$468,700</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 1999

	<u>GENERAL</u>	<u>COMMUNITY ENDOWMENT</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Pooled Cash and Cash Equivalents	\$24,379,403	\$138,263	\$4,709,990	\$29,227,656
Investments	-	4,261,772	-	4,261,772
Receivables:				
Property Taxes, Net	253,647	-	-	253,647
Utility and Franchise Taxes, Net	1,404,385	-	-	1,404,385
Roadway Assessment	418,374	-	-	418,374
Other	318,953	-	-	318,953
Due from Other Governments	2,041,331	-	-	2,041,331
Due from Other Funds	250,000	-	-	250,000
Prepaid Items	245,845	-	-	245,845
Advances to Other Funds	<u>202,320</u>	<u>250,000</u>	<u>-</u>	<u>452,320</u>
Total Assets	<u>\$29,514,258</u>	<u>\$4,650,035</u>	<u>\$4,709,990</u>	<u>\$38,874,283</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$4,364,647	\$ -	\$723,987	\$5,088,634
Other Liabilities	390,844	-	-	390,844
Deferred Revenue	962,142	-	-	962,142
Due to Other Funds	<u>958,660</u>	<u>250,000</u>	<u>-</u>	<u>1,208,660</u>
Total Liabilities	<u>6,676,293</u>	<u>250,000</u>	<u>723,987</u>	<u>7,650,280</u>
FUND BALANCE:				
Reserved For:				
Capital Projects	14,147,103	-	-	14,147,103
Community Obligations	-	4,400,035	-	4,400,035
Debt Service	1,084,000	-	-	1,084,000
Open Space Program	1,689,966	-	-	1,689,966
Encumbrances	1,078,236	-	2,029,324	3,107,560
Law Enforcement	463,257	-	-	463,257
Prepaid Items	245,845	-	-	245,845
Arbitrage Rebate	11,137	-	-	11,137
Police Impact Fees	443,841	-	-	443,841
Fire Impact Fees	205,246	-	-	205,246
Unreserved, Reported in:				
General Fund	3,469,334	-	-	3,469,334
Special Revenue Fund	-	-	-	-
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>1,956,679</u>	<u>1,956,679</u>
Total Fund Balances	<u>22,837,965</u>	<u>4,400,035</u>	<u>3,986,003</u>	<u>31,224,003</u>
Total Liabilities and Fund Balances	<u>\$29,514,258</u>	<u>\$4,650,035</u>	<u>\$4,709,990</u>	<u>\$38,874,283</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

Fund balances – total governmental funds	\$31,224,003
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	64,869,337
Less accumulated depreciation	(19,975,773)
Bond interest payable not reported in the governmental funds	(567,485)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Governmental bonds payable	(47,294,752)
Compensated absences	(1,746,885)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with governmental activities, other than capital assets already included in capital asset category above.	<u>5,408,531</u>
Net assets of governmental activities	<u><u>\$31,916,976</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>GENERAL</u>	<u>COMMUNITY ENDOWMENT</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Intergovernmental	\$7,949,627	\$ -	\$ -	\$7,949,627
Property Taxes	14,631,099	-	-	14,631,099
Utility Taxes	6,660,567	-	-	6,660,567
Franchise Taxes	4,674,734	-	-	4,674,734
Licenses and Permits	3,842,647	-	-	3,842,647
Charges for Services	3,038,327	-	-	3,038,327
Fines and Forfeitures	1,260,104	-	-	1,260,104
Fire Rescue Assessments	1,268,290	-	-	1,268,290
Miscellaneous	1,054,346	-	-	1,054,346
Investment Income	<u>2,081,119</u>	<u>247,655</u>	<u>-</u>	<u>2,328,774</u>
Total Revenues	<u>46,460,860</u>	<u>247,655</u>	<u>-</u>	<u>46,708,515</u>
EXPENDITURES:				
General Government:				
Town Administration Department:				
Personnel Services	509,264	-	-	509,264
Operating Expenditures	494,721	-	-	494,721
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,003,985</u>	<u>-</u>	<u>-</u>	<u>1,003,985</u>
Budget and Finance Department:				
Personnel Services	601,170	-	-	601,170
Operating Expenditures	192,660	-	-	192,660
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>793,830</u>	<u>-</u>	<u>-</u>	<u>793,830</u>
Administrative Services Department:				
Personnel Services	543,096	-	-	543,096
Operating Expenditures	546,360	-	-	546,360
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,089,456</u>	<u>-</u>	<u>-</u>	<u>1,089,456</u>
Development Services Department:				
Personnel Services	2,838,087	-	-	2,838,087
Operating Expenditures	1,066,312	-	-	1,066,312
Capital Outlay	<u>6,051</u>	<u>-</u>	<u>-</u>	<u>6,051</u>
Total	<u>3,910,450</u>	<u>-</u>	<u>-</u>	<u>3,910,450</u>
Parks and Recreation Department:				
Personnel Services	1,995,153	-	-	1,995,153
Operating Expenditures	1,998,978	-	-	1,998,978
Capital Outlay	<u>39,632</u>	<u>-</u>	<u>1,449,290</u>	<u>1,488,922</u>
Total	<u>4,033,763</u>	<u>-</u>	<u>1,449,290</u>	<u>5,483,053</u>
Total General Government	<u>10,831,484</u>	<u>-</u>	<u>1,449,290</u>	<u>12,280,774</u>

(continued on next page)

TOWN OF DAVIE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>GENERAL</u>	<u>COMMUNITY ENDOWMENT</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
EXPENDITURES:				
Public Safety:				
Police Department:				
Personnel Services	\$13,307,191	\$ -	\$ -	\$13,307,191
Operating Expenditures	2,211,123	-	-	2,211,123
Capital Outlay	<u>1,129,243</u>	<u>-</u>	<u>5,555,542</u>	<u>6,684,785</u>
Total	<u>16,647,557</u>	<u>-</u>	<u>5,555,542</u>	<u>22,203,099</u>
Fire Department:				
Personnel Services	6,725,874	-	-	6,725,874
Operating Expenditures	920,701	-	-	920,701
Capital Outlay	<u>13,007</u>	<u>-</u>	<u>618,734</u>	<u>631,741</u>
Total	<u>7,659,582</u>	<u>-</u>	<u>618,734</u>	<u>8,278,316</u>
Total Public Safety	<u>24,307,139</u>	<u>-</u>	<u>6,174,276</u>	<u>30,481,415</u>
Public Works:				
Personnel Services	756,024	-	-	756,024
Operating Expenditures	1,313,369	-	-	1,313,369
Capital Outlay	<u>6,439</u>	<u>-</u>	<u>1,956,694</u>	<u>1,963,133</u>
Total Public Works	<u>2,075,832</u>	<u>-</u>	<u>1,956,694</u>	<u>4,032,526</u>
Debt Service:				
Principal Retirements	3,817,210	-	-	3,817,210
Interest	<u>1,755,765</u>	<u>-</u>	<u>-</u>	<u>1,755,765</u>
Total Debt Service	<u>5,572,975</u>	<u>-</u>	<u>-</u>	<u>5,572,975</u>
Total Expenditures	<u>42,787,430</u>	<u>-</u>	<u>9,580,260</u>	<u>52,367,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,673,430</u>	<u>247,655</u>	<u>(9,580,260)</u>	<u>(5,659,175)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-Term Debt	10,000,000	-	-	10,000,000
Transfers In	-	-	6,263,929	6,263,929
Transfers Out	<u>(6,263,929)</u>	<u>-</u>	<u>-</u>	<u>(6,263,929)</u>
Total Other Financing Sources (Uses)	<u>3,736,071</u>	<u>-</u>	<u>6,263,929</u>	<u>10,000,000</u>
NET CHANGE IN FUND BALANCES	7,409,501	247,655	(3,316,331)	4,340,825
FUND BALANCE, OCTOBER 1	<u>15,428,464</u>	<u>4,152,380</u>	<u>7,302,334</u>	<u>26,883,178</u>
FUND BALANCE, SEPTEMBER 30	<u>\$22,837,965</u>	<u>\$4,400,035</u>	<u>\$3,986,003</u>	<u>\$31,224,003</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

Net change in fund balances – total governmental funds	\$4,340,825
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$10,883,619	
Less current year depreciation	<u>(2,147,647)</u>	8,735,972

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Bond and loan proceeds	(10,000,000)	
Change in accrued interest	(282,843)	
Principal payments	<u>3,817,210</u>	(6,465,633)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences		(301,190)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

1,542,227

Change in net assets of governmental activities		<u><u>\$7,852,201</u></u>
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TOWN OF DAVIE, FLORIDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

SEPTEMBER 30, 1999

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS
	WATER AND SEWER	AQUACULTURE	TOTAL	
<u>ASSETS</u>				
Current Assets:				
Pooled Cash and Cash Equivalents	\$19,210,244	\$ -	\$19,210,244	\$6,998,045
Accounts Receivable	1,594,253	-	1,594,253	10,934
Prepaid Items	11,608	-	11,608	40,787
Inventory	<u>146,131</u>	<u>-</u>	<u>146,131</u>	<u>7,495</u>
Total Current Assets	<u>20,962,236</u>	<u>-</u>	<u>20,962,236</u>	<u>7,057,261</u>
Noncurrent Assets:				
Restricted Pooled Cash and Cash Equivalents	3,971,238	-	3,971,238	-
Restricted Accounts Receivable	831,956	-	831,956	-
Capital Assets:				
Land	1,042,324	-	1,042,324	-
Improvements to Land	2,036,636	-	2,036,636	-
Buildings and Equipment	33,120,401	63,175	33,183,576	5,498,203
Less Accumulated Depreciation	(14,420,706)	(10,573)	(14,431,279)	(3,813,664)
Other Assets	<u>1,444,859</u>	<u>-</u>	<u>1,444,859</u>	<u>-</u>
Total Noncurrent Assets	<u>28,026,708</u>	<u>52,602</u>	<u>28,079,310</u>	<u>1,684,539</u>
Total Assets	<u>48,988,944</u>	<u>52,602</u>	<u>49,041,546</u>	<u>8,741,800</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,317,156	26,286	1,343,442	247,300
Estimated Insurance Claims	-	-	-	817,375
Bonds Payable	<u>1,025,000</u>	<u>-</u>	<u>1,025,000</u>	<u>25,000</u>
Total Current Liabilities	<u>2,342,156</u>	<u>26,286</u>	<u>2,368,442</u>	<u>1,089,675</u>
Noncurrent Liabilities:				
Deposits	734,976	-	734,976	-
Compensated Absences	198,803	-	198,803	-
Advances from Other Funds	-	452,320	452,320	-
Bonds Payable	<u>22,383,370</u>	<u>-</u>	<u>22,383,370</u>	<u>100,000</u>
Total Noncurrent Liabilities	<u>23,317,149</u>	<u>452,320</u>	<u>23,769,469</u>	<u>100,000</u>
Total Liabilities	<u>25,659,305</u>	<u>478,606</u>	<u>26,137,911</u>	<u>1,189,675</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	642,729	52,602	695,331	1,559,539
Restricted for Renewal and Replacement	1,988,819	-	1,988,819	-
Restricted for Capital Projects	1,247,444	-	1,247,444	-
Unrestricted (Deficit)	<u>19,450,647</u>	<u>(478,606)</u>	<u>18,972,041</u>	<u>5,992,586</u>
Total Net Assets	<u>\$23,329,639</u>	<u>(\$426,004)</u>	<u>22,903,635</u>	<u>\$7,552,125</u>

Explanation of Difference between Proprietary Funds Statement of Net Assets and the Statement of Net Assets:

Internal Service Funds are used by management to charge the costs of certain activities, such as vehicle maintenance and insurance, to individual funds. The portion attributable to Business-type Activities is reflected here and the residual assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Assets.

459,055
\$23,362,690

TOWN OF DAVIE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	<u>WATER AND SEWER</u>	<u>AQUACULTURE</u>	<u>TOTAL</u>	
Operating Revenues:				
Charges for Services	<u>\$5,977,524</u>	<u>\$16,352</u>	<u>\$5,993,876</u>	<u>\$4,817,766</u>
Total Operating Revenues	<u>5,977,524</u>	<u>16,352</u>	<u>5,993,876</u>	<u>4,817,766</u>
Operating Expenses:				
Personal Services	1,810,001	-	1,810,001	281,320
Professional Fees	192,060	149,722	341,782	-
Heat, Light and Power	339,285	10,485	349,770	-
Supplies and Materials	207,969	11,423	219,392	-
Maintenance	318,818	10,497	329,315	1,022,059
Insurance	-	-	-	1,013,137
Claims	-	-	-	304,121
Administrative	-	-	-	53,929
Other	447,551	-	447,551	-
Depreciation and Amortization	<u>1,191,978</u>	<u>6,411</u>	<u>1,198,389</u>	<u>493,543</u>
Total Operating Expenses	<u>4,507,662</u>	<u>188,538</u>	<u>4,696,200</u>	<u>3,168,109</u>
Operating Income (Loss)	<u>1,469,862</u>	<u>(172,186)</u>	<u>1,297,676</u>	<u>1,649,657</u>
Nonoperating Revenues (Expenses):				
Interest Income	1,017,429	-	1,017,429	-
Interest Expense	(2,813,373)	-	(2,813,373)	(5,937)
Loss on Sale of Assets	-	-	-	(707)
Total Nonoperating Expenses	<u>(1,795,944)</u>	<u>-</u>	<u>(1,795,944)</u>	<u>(6,644)</u>
Income (Loss) Before Contributions	(326,082)	(172,186)	(498,268)	1,643,013
Capital Contributions	<u>1,313,770</u>	<u>-</u>	<u>1,313,770</u>	<u>-</u>
Change in Net Assets	987,688	(172,186)	815,502	1,643,031
Total Net Assets, October 1	<u>22,341,951</u>	<u>(253,818)</u>	<u>22,088,133</u>	<u>5,909,112</u>
Total Net Assets, September 30	<u>\$23,329,639</u>	<u>(\$426,004)</u>	22,903,635	<u>\$7,552,125</u>

Explanation of Difference between Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Statement of Activities:

Internal Service Funds are used by management to charge the costs of certain activities, such as vehicle maintenance and insurance, to individual funds. The portion attributable to Business-type Activities is reflected here and the residual assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Assets.

459,055
\$23,362,690

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER AND SEWER	AQUACULTURE	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$5,845,702	\$16,352	\$5,862,054	\$4,614,604
Cash Received from Other Funds	-	171,296	171,296	-
Cash Paid to Suppliers	(1,810,348)	(171,363)	(1,981,711)	(2,299,752)
Cash Paid to Employees	(1,418,044)	-	(1,418,044)	(305,038)
Net Cash Provided by Operating Activities	<u>2,617,310</u>	<u>16,285</u>	<u>2,633,595</u>	<u>2,009,814</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(395,898)	(16,285)	(412,183)	(467,813)
Principal Retirements of Long-Term Debt	-	-	-	(25,000)
Interest Paid on Long-Term Debt	(1,051,314)	-	(1,051,314)	(5,937)
Capital Contributed by Developers	<u>1,148,849</u>	-	<u>1,148,849</u>	-
Net Cash Used in Capital and Related Financing Activities	<u>(298,363)</u>	<u>(16,285)</u>	<u>(314,648)</u>	<u>(498,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	<u>1,017,429</u>	-	<u>1,017,429</u>	-
Net Cash Provided by Investing Activities	<u>1,017,429</u>	-	<u>1,017,429</u>	-
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	3,336,376	-	3,336,376	1,511,064
POOLED CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>19,845,106</u>	-	<u>19,845,106</u>	<u>5,486,981</u>
POOLED CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$23,181,482</u>	<u>\$ -</u>	<u>\$23,181,482</u>	<u>\$6,998,045</u>
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS				
Unrestricted	\$19,210,244	\$ -	\$19,210,244	\$6,998,045
Restricted	<u>3,971,238</u>	-	<u>3,971,238</u>	-
TOTAL, SEPTEMBER 30	<u>\$23,181,482</u>	<u>\$ -</u>	<u>\$23,181,482</u>	<u>\$6,998,045</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	<u>\$1,469,862</u>	<u>(\$172,186)</u>	<u>\$1,297,676</u>	<u>\$1,649,657</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	1,144,669	6,411	1,151,080	493,543
Amortization	47,309	-	47,309	-
Provision for Bad Debts	29,372	-	29,372	-
Change in Assets and Liabilities:				
(Increase) Decrease in Billed Accounts Receivable	(173,017)	-	(173,017)	1,200
Decrease in Inventory	14,787	-	14,787	3,130
Increase in Prepaid Items	-	-	-	(10,101)
Increase in Accounts Payable and Accrued Liabilities and Compensated Absences	43,132	10,764	53,896	93,817
Increase in Customer Deposits	41,196	-	41,196	-
Increase (Decrease) in Advances from Other Funds	-	171,296	171,296	(204,362)
Decrease in Estimated Insurance Claims	-	-	-	(17,070)
Total Adjustments	<u>1,147,448</u>	<u>188,471</u>	<u>1,335,919</u>	<u>360,157</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$2,617,310</u>	<u>\$16,285</u>	<u>\$2,633,595</u>	<u>\$2,009,814</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 1999

	EMPLOYEE RETIREMENT FUNDS
<u>ASSETS</u>	
Pooled Cash and Cash Equivalents	\$1,859,471
Receivables:	
Interest and Dividends	227,034
Contributions Receivable	<u>958,660</u>
Total Receivables	<u>1,185,694</u>
Investments, at Fair Value	<u>56,499,665</u>
Total Assets	<u>59,544,830</u>
<u>LIABILITIES</u>	
Due to Broker	296,991
Accounts Payable	56,744
Deferred Benefits Payable	<u>1,221,330</u>
Total Liabilities	<u>1,575,065</u>
<u>NET ASSETS</u>	
Held in Trust for Pension Benefits	<u>57,969,765</u>
Total Net Assets	<u><u>\$57,969,765</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

EMPLOYEE
RETIREMENT FUNDS

ADDITIONS:

Contributions:

Town	\$2,850,296
Plan Members	<u>672,225</u>
Total Contributions	<u>3,522,521</u>

Investment Income:

Net Appreciation in Fair Value of Investments	4,538,767
Interest and Dividends	<u>1,562,819</u>
	6,101,586
Less Investment Expenses	<u>245,654</u>
Net Investment Income	<u>5,855,932</u>

Total Additions	<u>9,378,453</u>
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DEDUCTIONS:

Benefits	1,494,532
Refunds of Contributions	656,537
Administrative Expenses	<u>268,309</u>
Total Deductions	<u>2,419,378</u>

Change in Net Assets	6,959,075
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Net Assets, October 1	<u>51,010,690</u>
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Net Assets, September 30	<u><u>\$57,969,765</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF DAVIE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by the Town of Davie, Florida conform to generally accepted accounting principles as applied to governmental entities. In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provides for significant changes in financial reporting and is scheduled for phased implementation based on size of the government starting with fiscal years ending 2002 (for larger Florida local governments with a September 30 fiscal year). As a part of this Statement, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, traffic signals, etc.). This requirement permits an optional four-year further delay for implementation. The Town has elected to early implement the basic model for FY1998/99 and anticipates early implementation of the infrastructure-related portion in a subsequent year. The following notes to the financial statements are an integral part of the Town's Financial Statements.

1. Reporting Entity

The Town was first incorporated in 1925 and was subsequently dissolved as a municipal corporation by the State of Florida when local residents failed to adopt necessary taxing powers. The Town was reincorporated in 1961 and exists as a Council-Administrator form of municipal government. All registered voters elect the Mayor and four Councilmembers; each of the four Councilmembers represents a specific district. The Mayor serves as chairperson of public meetings and executes certain documents authorized by charter, ordinance, or resolution. Each elected official serves a three-year term of office. Each year, the Council elects a vice-mayor who serves in the capacity of the Mayor when the Mayor is unable to perform his or her duties.

The Town provides its residents and businesses with the full range of municipal services contemplated by state law or local charter. Included are police and fire services, culture, recreation, community services, licensing and permitting, general administration, water and sewer utilities, public works and maintenance, and development services and code enforcement. Through franchise agreements, the Town also provides garbage disposal, cable television, electricity, towing, and telephone and telegraph services.

As required by generally accepted accounting principles, these financial statements present the Town and its component unit, an entity for which the Town is considered to be financially accountable. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its discretely presented component unit.

Discretely Presented Component Unit. The Town of Davie Community Redevelopment Agency (CRA) is legally separate from the Town. The CRA's seven-member board is appointed by the Town Council. The CRA's annual budget, contracts, grants, and all other actions must be authorized by the CRA board and by resolutions of the Town Council. The CRA is the Town's only component unit.

2. Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. While the previous model emphasized fund types, the new reporting model focuses on the Town as a whole and on major individual funds. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis.

The government-wide Statement of Activities reflects gross and net cost per functional categories (police, fire rescue, parks and recreation, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses, the direct expenses for each function, by related program revenues, including charges for services, operating and capital grants and contributions.

This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are very similar to the financial statements presented in the previous model. Emphasis is on the major funds in either the governmental or business-type categories.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the Town's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level after allocating a share to business type activities based on their participation level in the individual internal service funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basic Financial Statements (Continued)

The Town's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (Pension Plan Participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

3. Basis of Presentation

The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GOVERNMENTAL FUNDS

The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the Town:

General Fund

The General Fund is the general operating fund of the Town. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses, fixed charges, and capital improvement costs not paid through other funds are paid from this fund.

Community Endowment Special Revenue Fund

The Community Endowment Fund was established in a prior fiscal year with a residual equity transfer from a terminated General Employees' Pension Plan. The funds are to be applied to unfunded liabilities; to other liabilities of the Town as may from time to time need funding; to projects or programs that need capital creation that will be repaid over time; or to projects or programs that are in the community chest of charities or goodwill and which have one-time needs.

Capital Projects Fund

The Capital Projects Fund is used to account for the cost of acquiring, constructing, and placing into service those capital improvements which are associated with activities in the General Fund and are financed by long-term debt issues which are repaid by the recurring operating revenues in the General Fund. Improvements made from resources provided by this fund are approved in the Town's five-year capital program and generally have no regard for fiscal periods.

Component Units

Component Units are used to account for the discretely presented component unit, which follows governmental fund accounting principles.

PROPRIETARY FUNDS

Proprietary Funds include Enterprise and Internal Service Funds. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of Proprietary Fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Internal Service Funds are used to account for the financing of goods or services provided by one Town department to another Town department on a cost reimbursement basis and to accumulate working capital for the renewal and replacement of assets in those funds. In accounting for proprietary activities, the Town applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs. Operating revenues of Proprietary Funds are those that result from providing services and producing and delivering goods, and include all other revenues that do not result from transactions defined by GASB Statement #9 as capital and related financing, non capital financing, or investing activities. The following is a description of the Proprietary Funds of the Town:

Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund is used to account for the operations of the water and sewer utility system. The cost of operating the water and sewer system is recovered almost entirely by user charges. Tax dollars are not permanently used in this fund. The acquisition, maintenance, and improvement of the physical plant facilities are financed from existing cash resources, issuance of revenue bonds and state or federal grants.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation (Continued)

Aquaculture Enterprise Fund

The Aquaculture Enterprise Fund is used to account for the operations of the Town's Aquaculture Research Center. The Town has contracted with the oceanographic department of a local university, Nova Southeastern University, for the management of the facility. The facility is currently raising the freshwater fish tilapia for eventual sale. The Town established the Aquaculture Research Center by converting an abandoned Water and Sewer facility which otherwise would have had to have been demolished.

Internal Service Fund for Vehicle Maintenance

The Internal Service Fund for Vehicle Maintenance is used to accumulate the cost of operating a central garage facility for vehicle and equipment maintenance. The cost allocation utilized provides for capital accumulation for the purpose of replacement vehicles. Costs of operating vehicles (replacement reserve, insurance reserve, maintenance, etc.) are established as a monthly rental rate per class of vehicle and the user department is charged for each vehicle it uses.

Internal Service Fund for Self-Insurance

The Internal Service Fund for Self-Insurance is used to accumulate the cost of the deductible amount per claim for workers' compensation and property damage insurance for which the Town is self-insured. Costs of workers' compensation claims and property damage claims are determined actuarially and are allocated to departments proportionately. Although the Town is not currently self insured for employee health care costs, this fund has been used to accumulate such costs in the past and remains available for that purpose again in the future.

Internal Service Fund for Information Systems

The Internal Service Fund for Information Systems is used to accumulate the costs associated with the acquisition and maintenance of information systems equipment. The cost allocation utilized provides for capital accumulation for the purpose of replacing and maintaining the information systems.

Internal Service Fund for Building Maintenance

The Internal Service Fund for Building Maintenance is used to accumulate the costs of providing and maintaining certain Town facilities. The cost allocation utilized provides for capital accumulation for the purpose of replacing and maintaining Town facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. The following is a description of the Fiduciary Funds of the Town:

Police Pension Trust Fund

The Police Pension Trust Fund is maintained solely for the benefit of the sworn police employees of the Town.

Firefighters' Pension Trust Fund

The Firefighters' Pension Trust Fund is maintained solely for the benefit of the firefighters employed by the Town.

Money Purchase Plan Trust Fund

The Money Purchase Plan Trust Fund is maintained for the benefit of all eligible full time employees not covered by the Police or Firefighters' Plans.

NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement #34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporated into the Governmental column in the government-wide Statement of Net Assets.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Proprietary and Fiduciary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting (Continued)

Accrual:

All proprietary, internal service, and pension trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

5. Budgets and Budgetary Accounting

The Town is legally required to adopt an annual budget for its General Fund. In September, formal public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally adopted.

The legal level of control, the level at which expenditures may not exceed the budget, is at the department level. The Town Administrator is authorized to transfer budget amounts within line items of departments. Any budget amendments between departments or that alter the budget in total must be approved by the Town Council. All unencumbered appropriations lapse at the end of the fiscal period.

Town Council approved budget amendments were made during the fiscal year. The Town amended the total budget by \$410,250 in supplemental appropriations to reflect grant awards.

Encumbrances of budgetary accounts are treated as budgeted expenditures in the year of occurrence of the commitment to purchase. Budgetary comparisons presented in this report are made on a budgetary, not a fund financial statement, basis. Therefore, adjustments are necessary to convert budgetary basis expenditures for the year ended September 30, 1999 to a fund financial statement basis:

	<u>GENERAL FUND</u>
Net Change in Fund Balance - budgetary basis	\$6,864,240
To adjust for net effect of non-budgeted law enforcement forfeiture transactions	2,148
To adjust expenditures for encumbrances	<u>543,113</u>
Net Change in Fund Balance – Fund Financial Statement	<u><u>\$7,409,501</u></u>

6. Encumbrances

Appropriations in governmental funds are encumbered upon issuance of purchase orders. Although goods or services have not yet been received, the amount of the purchase order issued is recorded as a reservation of fund balance. By reserving fund balance for outstanding purchase orders, authority is provided in subsequent fiscal periods for completion of those transactions. Encumbrances do not constitute expenditures or liabilities.

7. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

8. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market value. No significant inventories were on hand at year-end in the Governmental Funds. The inventory in the Internal Service Fund for vehicle maintenance consisted of fuel accounted for on the consumption method.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Investments

All investments are stated at fair value.

10. Fixed Assets

Property, plant, and equipment purchased or acquired is carried at historical cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Utility Plant and Improvements	30 Years
Improvements to Land	20 Years
Transportation Equipment	3-5 Years
Machinery and Equipment	5-10 Years
Town Buildings	20-35 Years

Upon disposal of property, the related cost and accumulated depreciation are removed from the accounts with gains or losses on disposal reported currently. Expenditures for maintenance, repairs, and minor renewals and betterments are charged against income. Renewals and betterments of a major character are capitalized.

Pursuant to GASB Statement #34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets become effective. This category is likely to be the largest asset class of the government and has historically not been reflected nor a measure of its consumption charged. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

GASB Statement #34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year.

11. Compensated Absences

It is the Town's policy to permit full-time employees to accumulate limited amounts of earned vacation leave and earned sick leave. Upon separation from service, employees receive payment for all unused vacation time and, subject to length of service, 50% of all unused sick leave.

The non-current portion for Governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

12. Pension Plans

As of year-end, the Town had three pension plans: two defined benefit plans and a Money Purchase Plan, covering substantially all of its full-time employees. It is the policy of the Town to fund pension costs accrued, which includes amortization of prior service costs, over a 40-year period. The investments of the Firefighters' Pension, Police Pension, and money purchase plan are all carried at fair value.

13. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third party restrictions.

As of September 30, 1999 the Aquaculture Fund's net assets reflected a deficit balance of (\$426,604). The Aquaculture Fund is an enterprise fund used to account for the operations of the Town's Aquaculture Research Center. The Aquaculture Research Center has existed for a relatively short time and projections indicate sales from the Center will make the Center profitable in the future. If deficits continue, however, funds from the Town's Community Endowment Special Revenue Fund could be made available to cover any shortfalls.

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

B. CASH AND INVESTMENTS

At September 30, 1999, the primary government of the Town maintained cash book balances of \$59,407,183, of which \$456,566 is cash, \$315,337 is pooled cash, \$113,070 is with fiscal agents and \$58,522,210 is with the state investment pool which is considered a cash equivalent. The Town's Fiduciary Funds maintained cash book balances of \$1,859,471 as of September 30, 1999, of which \$1,200 is pooled cash and \$1,858,271 is with fiscal agents. The CRA, the Town's component unit, maintained a

B. CASH AND INVESTMENTS (Continued)

cash book balance of \$752,957 with the state investment pool as of September 30, 1999. The total cash book balance as of September 30, 1999 is \$62,019,611. The total balance per bank was \$62,527,274. The difference between the bank balance and the Town's book balance is due to outstanding checks and deposits in transit.

As required by Florida Statutes, the Town Council has adopted a written investment policy, which may, from time to time, be amended by the Town Council. Under the current policy Town officials are authorized to invest funds in United States government obligations, guaranteed United States agency issues, State Treasurer's investment pool, Florida bank certificates of deposit and repurchase agreements. Trust funds are also authorized to invest in corporate bonds and stocks in addition to the previously listed investments.

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), all cash and cash equivalents, except the amount on deposit in the state investment pool, are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. Accordingly, all amounts reported as cash and cash equivalents are deemed as insured or collateralized and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3.

The state investment pool deposits are administered by the State Board of Administration of Florida, which must follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statute attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of government while limiting the risk to which the funds are exposed.

The value of the Town's investment in the Florida State Investment Pool, which is not Securities and Exchange Commission (SEC) registered but which qualifies as a SEC 2a7-like pool, is the same as the pool's share price. The Florida State Board of Administration, an agency of the State of Florida administers this local government surplus fund investment pool, with regulatory oversight exercised by the State.

Investments are classified as to credit risk and are summarized below:

Category 1 - Insured or registered, or securities held by the Town or its agent in the Town's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

	CATEGORY			FAIR VALUE
	1	2	3	
U. S. Government Securities	\$11,122,780	\$ -	\$ -	\$11,122,780
Corporate Stocks	32,020,107	-	-	32,020,107
Corporate Bonds	<u>5,550,488</u>	<u>-</u>	<u>-</u>	<u>5,550,488</u>
	<u>\$48,693,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$48,693,375</u>
Investments not subject to categorization:				
Mutual Funds				12,068,062
Investment in State Treasurer's Investment Pool				<u>59,275,167</u>
Total				<u>\$120,036,604</u>

A reconciliation of cash and investments as shown on the Basic Financial Statements follows:

Cash on hand	\$2,297,376
Carrying amount of deposits	447,068
Carrying amount of investments	<u>120,036,604</u>
Total	<u>\$122,781,048</u>
Pooled cash and cash equivalents, primary government	\$55,435,945
Restricted assets - Pooled cash and cash equivalents, primary government	3,971,238
Investments, primary government	<u>4,261,772</u>
Total, primary government	<u>\$63,668,955</u>

B. CASH AND INVESTMENTS (Continued)

Pooled cash and cash equivalents, fiduciary funds	1,859,471
Investments, fiduciary funds	<u>56,499,665</u>
Total, fiduciary funds	<u>58,359,136</u>
Pooled cash and cash equivalents, component unit	352,957
Restricted assets - Pooled cash and cash equivalents, component unit	<u>400,000</u>
Total, component unit	<u>752,957</u>
Grand Total	<u><u>\$122,781,048</u></u>

C. PROPERTY TAXES

The Town's property taxes are levied and becomes a lien on real and personal property located in the Town on October 1 of each year based on the assessed value listed as of the prior January 1. The Broward County Property appraiser establishes assessed values. Broward County mails tax bills for the Town as the collection agent on or about October 1 of each year and are payable beginning November 1, with discounts of one to four percent if paid before March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1.

At September 30, uncollected current year amounts are classified as delinquent taxes receivable in the General Fund and offset by an allowance for uncollectibles. Delinquent taxes collected in subsequent periods are recognized as revenue in the General Fund during the fiscal year in which they are received.

As of September 30, 1999, property taxes receivable were \$858,804, net of approximately \$605,157 in allowances for uncollectible taxes. The Town levied a rate of \$5.7589 per \$1,000 of assessed valuation for the fiscal year commencing October 1, 1998.

D. INTERFUND TRANSACTIONS

1. Interfund receivable and payable balances at September 30, 1999 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Due to/from Other Funds:		
General Fund	\$250,000	\$958,660
Community Endowment Fund	-	250,000
Police Pension Fund	501,998	-
Firefighters' Pension Fund	<u>456,662</u>	<u>-</u>
Total	<u><u>\$1,208,660</u></u>	<u><u>\$1,208,660</u></u>
Advances to/from Other Funds:		
General Fund	\$202,320	\$ -
Community Endowment Fund	250,000	-
Aquaculture Fund	<u>-</u>	<u>452,320</u>
Total	<u><u>\$452,320</u></u>	<u><u>\$452,320</u></u>

2. Transfers for the year ended September 30, 1999 were as follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund:		
Capital Projects	\$ -	\$6,263,929
Capital Projects Fund:		
General Fund	<u>6,263,929</u>	<u>-</u>
	<u><u>\$6,263,929</u></u>	<u><u>\$6,263,929</u></u>

E. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 1999 was as follows:

	Primary Government		
	Balance September 30, 1998	Additions	Deletions
Governmental Activities:			
Non-Depreciable Assets:			
Land	\$15,440,685	\$ -	\$ -
Depreciable Assets:			
Improvements to Land	8,662,003	1,350,942	-
Buildings and Equipment	29,430,747	7,901,438	(15,490)
Roads and Drainage	—	2,099,012	—
Totals at historical cost	53,533,435	11,351,392	(15,490)
Less accumulated depreciation	(17,349,366)	(2,641,190)	14,783
Governmental activities capital assets, net	<u>\$36,184,069</u>	<u>\$8,710,202</u>	<u>(\$707)</u>
Business-type Activities:			
Non-Depreciable Assets:			
Land	\$1,042,324	\$ -	\$ -
Depreciable Assets:			
Improvements to Land	1,641,387	395,249	-
Buildings and Equipment	33,166,641	16,935	—
Totals at historical cost	35,850,352	412,184	-
Less accumulated depreciation	(13,280,199)	(1,151,080)	—
Business-type activities capital assets, net	<u>\$22,570,153</u>	<u>(\$738,896)</u>	<u>\$ -</u>

F. ACCRUED UNBILLED WATER AND SEWER REVENUE

For the year ended September 30, 1999, the Town recorded revenues of \$469,042 in the Water and Sewer Fund for water consumption and wastewater treatment which had not yet been billed to customers in that system. This accrued unbilled revenue results from a billing period, which is different than the accounting period.

G. RESTRICTED ASSETS

At September 30, 1999, the Town had \$3,971,238 in restricted pooled cash. This balance is composed of three items. First, in November 1992, the Town issued \$38,655,000 Water and Sewer Improvement and Refunding Bonds. At September 30, 1999, \$1,247,443 of the bond proceeds was restricted for specific construction projects authorized by the bonds. Secondly, the Town established a revenue generation system whereby beginning in fiscal year 1990, and for the next 30 years, the Town is required to set aside an annual deposit of \$283,221 for capital expenditures related to renewal and replacement of its water and sewer plants. The funds shall be used only for sanitary sewerage system capital improvements and may be withdrawn and used anytime for this purpose. Since such withdrawn funds represent previously collected revenues (and income earned thereon), the amount of withdrawn funds need not be replaced or returned to the capital improvement account. As of September 30, 1999, the restricted amount related to this revenue generation system was \$1,988,819. Cash held as customer deposits is the third item. As of September 30, 1999, the Town held \$734,976 in customer deposits.

The restricted accounts receivable represents amounts due from developers for construction of water and sewer lines in their developments. The receivable is restricted for cost of construction.

H. ACCRUED PAYROLL

The Town has accrued the following amounts in the indicated funds as expenses or expenditures for payroll which would have been paid to the Town's employees had the accounting period coincided with the payroll period:

General Fund	\$1,104,809
Water and Sewer Fund	\$74,718
Information Systems	\$11,169

I. COMPENSATED ABSENCES

The Town accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for Governmental Funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The current and long-term liabilities are recorded in the business-type funds and long-term liabilities for the governmental funds only in the government-wide financial statements.

Employees are paid for all accumulated vacation days and compensatory leave for overtime at 100% of their prevailing rate of pay at the time their employment terminates. Sick leave is paid at one-half the balance at the prevailing rate of pay at the time their employment terminates.

J. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 1999, was as follows:

Governmental Activities

	Balance 9/30/98	Additions	Reductions	Amount Due Balance 09/30/99	Within One Year
Bonds and Notes Payable:					
Note Payable	\$1,526,316	\$ -	\$210,528	\$1,315,788	\$210,528
General Obligation Bonds 1989	10,000,000	-	-	10,000,000	250,000
Public Improvement Revenue Bonds, Series 1993A	4,000,000	-	363,633	3,636,367	363,633
Public Improvement Revenue Refunding Bonds, Series 1993B	4,855,500	-	1,062,500	3,793,000	1,175,000
Public Improvement Revenue Refunding Bonds, Series 1994A	5,125,000	-	1,050,000	4,075,000	1,100,000
Special Obligation Bonds, Series 1995	2,100,000	-	350,000	1,750,000	350,000
Public Improvement Revenue Bonds, Series 1996	4,088,250	-	521,000	3,567,250	521,000
General Obligation Bonds, Series 1997	9,566,896	-	284,549	9,282,347	330,308
General Obligation Bonds, Series 1998	-	10,000,000	-	10,000,000	179,167
Total Bonds and Notes Payable	41,261,962	10,000,000	3,842,210	47,419,752	4,479,636
Other Liabilities:					
Accrued Compensated Absences	1,445,695	301,190	-	1,746,885	-
Total Other Liabilities	1,445,695	301,190	-	1,746,885	-
Governmental Activities Long-Term Liabilities	<u>\$42,707,657</u>	<u>\$10,301,190</u>	<u>\$3,842,210</u>	<u>\$49,166,637</u>	<u>\$4,479,636</u>

1. \$4.2 million note payable to banking institution, 15-year amortization, due 2005, 67% of one month LIBOR rate plus .8%, which, at September 30, 1999 was 4.28567%. This note will be repaid by the General Fund from legally available non-ad valorem revenues and special assessment collections. (If any shortfall occurs in the collection of special assessments from property owners, the Town is obligated to repay the bonds from legally available non-ad valorem revenues. However, there is no reserve or sinking fund requirement.)

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$210,528	\$55,096	\$265,624
2001	210,528	45,300	255,828
2002	210,528	35,505	246,033
2003	210,528	25,711	236,239
2004	210,528	15,916	226,444
2005-2006	263,148	6,121	269,269
	<u>\$1,315,788</u>	<u>\$183,649</u>	<u>\$1,499,437</u>

2. \$10 million General Obligation Bonds 1989, 30-year amortization, due 2019, 67% of one month LIBOR rate plus .7%, which, at September 30, 1999 was 4.18567%. Property tax revenues of the General Fund are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$250,000	\$452,406	\$702,406
2001	250,000	441,023	691,023
2002	250,000	429,643	679,643
2003	250,000	418,262	668,262
2004	250,000	406,879	656,879
2005-2009	2,500,000	1,735,639	4,235,639
2010-2014	2,500,000	1,166,579	3,666,579
2015-2019	3,750,000	469,480	4,219,480
	<u>\$10,000,000</u>	<u>\$5,519,911</u>	<u>\$15,519,911</u>

J. LONG-TERM LIABILITIES (Continued)

3. \$4.7 million Public Improvement Revenue Bonds, Series 1993A, 14 year amortization, due December 2008, 67% of one month LIBOR plus .8% which, at September 30, 1999 was 4.28567%. Franchise fees, sales tax, and public service tax revenues of the General Fund are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$363,633	\$152,264	\$515,897
2001	363,633	135,344	498,977
2002	363,633	118,428	482,061
2003	363,633	101,508	465,141
2004	363,633	84,592	448,225
2005-2009	<u>1,818,202</u>	<u>164,954</u>	<u>1,983,156</u>
	<u>\$3,636,367</u>	<u>\$757,090</u>	<u>\$4,393,457</u>

4. \$8.55 million Public Improvement Revenue Refunding Bonds, Series 1993B, 9 year amortization, due December 2002, 67% of one month LIBOR rate plus .6% which, at September 30, 1999 was 4.08567%. Franchise fees, sales tax, and public service tax revenues of the General Fund are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$1,175,000	\$136,603	\$1,311,603
2001	1,368,750	79,416	1,448,166
2002	1,031,250	24,734	1,055,984
2003	<u>218,000</u>	<u>-</u>	<u>218,000</u>
	<u>\$3,793,000</u>	<u>\$240,753</u>	<u>\$4,033,753</u>

5. \$8.7 million Public Improvement Revenue Refunding Bonds, Series 1994A, 9 year amortization, due December 2002, 67% of one month LIBOR rate plus .6% which, at September 30, 1999 was 4.08567%. Franchise fees, sales tax, and public service tax revenues of the General Fund are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$1,100,000	\$150,829	\$1,250,829
2001	1,400,000	95,172	1,495,172
2002	1,275,000	33,394	1,308,394
2003	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$4,075,000</u>	<u>\$279,395</u>	<u>4,354,395</u>

6. \$2.6 million Special Obligation Bonds, Series 1995, 8 year amortization, due October 1, 2003, 4.46% per annum. Legally available non-ad valorem revenues of the General Fund and available revenues from the Vehicle Maintenance Internal Service Fund will be used to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$350,000	\$62,440	\$412,440
2001	350,000	46,832	396,832
2002	350,000	31,220	381,220
2003	350,000	11,709	361,709
2004	<u>350,000</u>	<u>3,903</u>	<u>353,903</u>
	<u>\$1,750,000</u>	<u>\$156,104</u>	<u>\$1,906,104</u>

7. \$5.0 million Public Improvement Revenue Bonds, Series 1996, 15 year amortization, due December 31, 2011, 4.586% per annum. Franchise fees, public service taxes and local government half-cent sales taxes are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$521,000	\$157,987	\$678,987
2001	521,000	132,161	653,161
2002	467,000	108,662	575,662
2003	449,000	87,853	536,853
2004	449,000	67,151	516,151
2005-2009	890,250	150,308	1,040,558
2010-2012	<u>270,000</u>	<u>15,673</u>	<u>285,673</u>
	<u>\$3,567,250</u>	<u>\$719,795</u>	<u>\$4,287,045</u>

J. LONG-TERM LIABILITIES (Continued)

8. \$9.8 million General Obligation Bonds, Series 1997, 20 year amortization, due February 1, 2017, 4.736% per annum. Property tax revenues of the General Fund are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$330,308	\$439,816	\$770,124
2001	365,500	423,380	788,880
2002	383,369	405,511	788,880
2003	402,061	386,819	788,880
2004	419,641	369,239	788,880
2005-2009	2,437,455	1,506,945	3,944,400
2010-2014	3,096,401	847,999	3,944,400
2015-2017	<u>1,847,612</u>	<u>124,587</u>	<u>1,972,199</u>
	<u>\$9,282,347</u>	<u>\$4,504,296</u>	<u>\$13,786,643</u>

9. \$10 million General Obligation Bonds, Series 1998, 20 year amortization, due 2018, 4.119% per annum. Property tax revenues of the General Fund are pledged to repay this bond issue.

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$179,167	\$409,308	\$588,475
2001	192,500	400,523	593,023
2002	242,053	391,565	633,618
2003	271,612	380,981	652,593
2004	302,995	370,170	673,165
2005-2009	2,056,372	1,619,426	3,675,798
2010-2014	3,174,115	1,085,603	4,259,718
2015-2018	<u>3,581,186</u>	<u>308,183</u>	<u>3,889,369</u>
	<u>\$10,000,000</u>	<u>\$4,965,759</u>	<u>\$14,965,759</u>

Summary of Governmental Activities Bonds and Notes Payments:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$4,479,636	\$2,016,749	\$6,496,385
2001	5,021,911	1,799,151	6,821,062
2002	4,572,833	1,578,662	6,151,495
2003	2,814,834	1,412,843	4,227,677
2004	2,345,797	1,317,850	3,663,647
2005-2009	9,965,427	5,183,393	15,148,820
2010-2014	9,040,516	3,115,854	12,156,370
2015-2019	<u>9,178,798</u>	<u>902,250</u>	<u>10,081,048</u>
	<u>\$47,419,752</u>	<u>\$17,326,752</u>	<u>\$64,746,504</u>

Business-Type Activities

	Balance 9/30/98	Additions	Reductions	Balance 9/30/99
Bonds and Notes Payable:				
Water and Sewer Debt	\$34,270,000	\$ -	\$ -	\$34,270,000
Less Deferred Amount on Refunding	<u>(11,540,482)</u>	<u>-</u>	<u>678,852</u>	<u>(10,861,630)</u>
Total Bonds and Notes Payable	22,729,518	-	678,852	23,408,370
Compensated Absences	190,509	8,294	-	198,803
Deposits	<u>693,780</u>	<u>41,196</u>	<u>-</u>	<u>734,976</u>
Total	<u>\$23,613,807</u>	<u>\$49,490</u>	<u>\$678,852</u>	<u>\$24,342,149</u>

Water and Sewer Fund

On November 10, 1992, the Town issued \$38,655,000 in Water and Sewer Improvement and Refunding Revenue Bonds with an average interest rate of 6.45% to construct certain capital improvements to the Town's water and sewer system and to advance refund \$1.1 million of outstanding Subordinated Water and Sewer Revenue Bonds, Series 1985 (MPC Project), \$2.0 million of outstanding Subordinated Water and Sewer Revenue Bonds, Series 1985 (Davie Utilities Project), and \$19.5 million Water and Sewer Revenue Bonds, Series 1985 that were outstanding and had an accreted value of \$19.7 million. Net proceeds of \$28.4 million were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded bonds. As a result, the advance refunded bonds are considered defeased and the liability for those bonds has been removed from the Water and Sewer Fund. On September 30, 1999, \$16.0 million of bonds outstanding are considered defeased.

J. LONG-TERM LIABILITIES (Continued)

\$38,655,000 Water and Sewer Improvement and Refunding Revenue Bonds, Series 1992:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$1,025,000	\$2,075,976	\$3,100,976
2001	1,075,000	2,020,839	3,095,839
2002	1,135,000	1,960,855	3,095,855
2003	1,195,000	1,895,301	3,090,301
2004	1,265,000	1,823,926	3,088,926
2005-2009	7,560,000	7,839,278	15,399,278
2010-2014	10,245,000	5,065,753	15,310,753
2015-2017	<u>10,770,000</u>	<u>1,396,875</u>	<u>12,166,875</u>
	34,270,000	<u>\$24,078,803</u>	<u>\$58,348,803</u>
Less: Amount Deferred on Refunding	<u>(10,861,630)</u>		
	<u>\$23,408,370</u>		

K. FUND EQUITY

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Reserve for Capital Projects: The reserve for capital projects was created to represent amounts borrowed for various capital projects not yet completed.

Reserve for Community Redevelopment Agency: The reserve for the Community Redevelopment Agency (CRA) was created to represent tax increments and other revenues that can only be used in the Town's CRA district.

Reserve for Debt Service: The reserve for debt service was created to represent amounts collected by levy that can only be used to repay outstanding debt issues.

Reserve for Open Space Program: The reserve for open space was created to represent impact fees collected on development that have not yet been spent for the Town's Open Space Program.

Reserve for Community Obligations: The reserve for community obligations was created to represent Community Endowment Special Revenue Funds available to be applied to unfunded liabilities which have no funding trust; to other liabilities of the Town as may from time to time need funding; to projects or programs that need capital creation that will be repaid over time; or to projects or programs that are in the community chest of charities or goodwill and which have one-time needs.

Reserve for Encumbrances: The reserve for encumbrances was created to represent encumbrances outstanding at the end of the year based on purchase orders not completed as of September 30, 1999.

Reserve for Law Enforcement: The reserve for law enforcement was created to represent court awarded forfeiture property that is restricted as to its use.

Reserve for Prepaid Items: The reserve for prepaid items was created to represent items paid for in fiscal year 1999 but which had not been consumed by September 30, 1999.

Reserve for Employees' Pension Benefits: The reserve for pension benefits was created to represent amounts that can only be used for the Town's pension plans.

Reserve for Arbitrage Rebate: The reserve for arbitrage rebate was created to represent the estimated amount owed to federal government for "excess earnings" on debt.

Reserve for Police Impact Fees: The reserve for police impact fees was created to represent impact fees collected on development that have not yet been spent for the Town's police department.

Reserve for Fire Impact Fees: The reserve for fire impact fees was created to represent impact fees collected on development that have not yet been spent for the Town's fire department.

L. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has an established Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$25,000 for each workers' compensation claim and \$1,000 for each property damage claim. The coverage for workers' compensation, and property damage was the same as in the prior fiscal year. In the prior fiscal year, the Self-Insurance Fund also provided coverage for up to a maximum of \$25,000 for each general liability claim, but since fiscal year 1998, the Town has been fully insured for such risk. The Town purchases insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. During the past three fiscal years, no settlements exceeded the coverage provided by this insurance.

L. RISK MANAGEMENT (Continued)

Actuarially determined amounts are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Changes in the balances of claims liabilities during the past two years are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Beginning of Fiscal</u> <u>Year Liability</u>	<u>Current Year Claims and</u> <u>Changes in Estimates</u>	<u>Actual Claim</u> <u>Payments</u>	<u>Balance at</u> <u>Fiscal Year End</u>
1998	\$765,067	\$272,616	(\$203,238)	\$834,445
1999	\$834,445	\$272,616	(\$289,686)	\$817,375

M. LITIGATION, COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Litigation

The Town is involved in various pending lawsuits. In the opinion of management, any potential losses resulting from claims against the Town, not covered by insurance would not have a material adverse affect the financial position of the Town.

Commitments

- A construction commitment is defined as the difference between the contract price of a project and the amount paid on that contract. Outstanding general government construction commitments at September 30, 1999 are approximately \$2 million for projects that are all fully funded.

- As a prerequisite for approval of development plats, the Town requires developers to install certain infrastructure elements (roadways, drainage, sidewalks, lighting, landscaping, etc.) that accrue to a development as a whole. Should the developer fail to install the required infrastructure, the Town would be obliged to complete the amenities. To eliminate the financial risk that may exist, the Town also requires the developer to guarantee through reliable third parties the amount of money that would be necessary to complete the project. At September 30, 1999, the Town held the following guarantees from various financial institutions for developers' infrastructure requirements:

Irrevocable Letters of Credit	\$7,851,040
Surety Bonds	6,339,442
Cash Bonds	<u>367,711</u>
Total Guarantees Held	<u>\$14,558,193</u>

- In 1985, the Town and the City of Cooper City entered into an interlocal agreement which provided that both municipalities would jointly construct and maintain a wastewater transmission line that would connect to the City of Hollywood's wastewater treatment facilities. The respective municipalities of Davie and Cooper City treat the effluent that is received by Hollywood. The Town owns and is responsible for two-thirds of the jointly owned facility. Cooper City participates in the remaining one-third.

- The Town has entered into contractual agreements with Florida Power and Light Company (FPL) to provide certain street lights within the Town. Each agreement is initially for a term of ten years with automatic, successive five-year extensions until terminated. The Town's existing commitment to FPL as of September 30, 1999 is approximately \$1,000,000.

Contingencies

- The Town is obligated to provide post employment health care benefits to its employees (and their dependents) during the period after they retire from service to the Town. The Town is required by State statutes to offer its retiring employees continued coverage under the same health and hospitalization coverage as is offered to active employees. The statutes also limit the amount that the Town may charge the retiree as a premium. The retirees are required to pay 100% of the monthly premiums as calculated for the Town's employee group, but this amount is lower than the true actuarial premium otherwise chargeable. This shortfall must be covered by the Town and, therefore, creates a long-term obligation on the part of the Town to subsidize the coverage for all retiring employees and their dependents. Inflation and other trends in health care costs increase this subsidy substantially over time. There is no current statutory requirement to advance-fund the Town's subsidy of retiree health benefits. The Town estimates the liability to be approximately \$655,228 which was fully funded for in the Self-Insurance Fund as of September 30, 1999.

- The Town has certain debt issues, which may be subject to arbitrage rebate in accordance with federal tax laws. Any rebate liability is due after the fifth year of each respective bond's issuance. No rebate was due as of September 30, 1999 but an estimated future payment of \$11,137 has been reserved for in the General Fund.

- In an earlier fiscal year, the Town implemented a special assessment for certain roadway improvements. The current outstanding roadway assessment receivable as of September 30, 1999, is \$418,374. Of the outstanding balance, \$177,293 is due from one property owner, who is contesting the assessment. The Town has committed to binding mediation with the owner. At this time, it is unknown whether the Town will prevail in whole or in part.

- The State of Florida Division of Retirement is currently withholding \$1,062,051 in Chapter 175/185 premium tax monies for 1997 and 1998 for the Police and Firefighters Pension Plans. They have informed the Town that these funds may not be distributed until the plans have been determined to be in compliance with Part VII, Chapter 112, and have been "State accepted" by the Bureau of Local Retirement Systems. The Town has joined with the Police and Firefighters Pension Boards in pursuing an administrative resolution with the State in an effort to secure the release of the funds. As of the date of these financial statements, the outcome of this action is uncertain.

M. LITIGATION, COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS (Continued)

Subsequent Events

•Subsequent to year end, on December 17, 1999, the Town issued \$5,000,000 Public Improvement Revenue Bonds, Series 1999. The bonds were issued at a variable interest rate of 73.9% of one month LIBOR and fully matures on September 1, 2015.

•Also, on December 17, 1999, the Town issued \$2,000,000 General Obligation Bonds, Series 1999. The referendum question approved by the Town's voters in the November 1998 elections approved \$12 million for Parks and Recreation bonds. In order to keep bank-qualified status, \$10 million was issued in calendar year 1998. The \$2 million Series 1999 bonds were issued at a variable interest rate of 73.9% of one month LIBOR and fully matures on June 1, 2020.

N. DEFINED CONTRIBUTION PLAN

The Town of Davie is a single employer that contributes to the Town of Davie Money Purchase Plan (Plan) which is a defined contribution pension plan and which is accounted for in the Money Purchase Plan Pension Trust Fund. The Plan covers all eligible full time employees not covered by the Police or Firefighters' Plans. At September 30, 1999, there were 287 plan members. Contributions for fiscal year ended September 30, 1999 for the Plan were \$743,809 (representing \$8,161,187 in covered salaries). Total salaries for the Town for the year were \$22,144,297.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The Plan provides for two contribution rate levels based on job classifications. For full time managers, professionals, and certain technical non-unionized personnel, the Town is required to contribute an amount equal to 10% of the employees' gross earnings. The employees must contribute 1.4% of their pretax pay to the plan; however, under IRC 401(a), the Town has elected to "pick-up" the employees' mandatory contribution. The Town has no liability to the employees covered by this plan other than the employer contribution to the plan. For all other employees covered by the Plan, the Town is required to contribute 5% of the employees' gross earnings and the employees contribute 3%. These contribution rates are established in the plan documents which were adopted by resolution of the Town Council and which may be amended by the Town Council. Assets of the plan resulting from employer contributions are considered assets of the Town. Members share equal risk with other general creditors of the Town in the unlikely event these assets would be needed to pay for liabilities of the Town.

A plan amendment was adopted during a prior fiscal year, which changed the vesting schedule. All participants in the Plan as of June 5, 1996 were 100% vested in the Town contributions made on their behalf. Participants joining the plan subsequent to June 5, 1996 are not vested in Town contributions made on their behalf until they have completed five years of service.

The Money Purchase Plan held no securities of the Town or other related parties during the year or as of the close of the fiscal year.

Basis of Accounting. The Town's defined contribution plan is reported using the accrual basis of accounting. Town and plan member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Concentrations of Investments. Other than those issued or guaranteed by the U.S. government, there are no investments in any one organization that represent 5% or more of plan net assets.

O. PENSION PLAN INFORMATION

1. Summary of Significant Accounting Policies

Basis of Accounting

The Firefighters' Pension Plan and the Police Pension Plan are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Town contributions are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Net appreciation (depreciation) in fair value of investments, realized and unrealized gains and losses, interest and dividends are included, as investment income. Realized gains and losses are determined on the basis of specific cost. Dividends and interest income are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

O. PENSION PLAN INFORMATION (Continued)

1. Summary of Significant Accounting Policies (Continued)

Firefighters' Pension Plan

Within certain limitations as specified in the Firefighters' Plan, an investment policy is determined by the Firefighters' Pension Board and is implemented by an investment advisor. The Firefighters' Pension Board uses the following investment guidelines:

Authorized Investments:

- Time, savings, and money market accounts of banks insured by the Federal Deposit Insurance Corporation.
- Obligations issued or guaranteed by the United States Government.
- Stocks, bonds or other indebtedness guaranteed by a corporation of the United States, or any state or political sub-division or agency, provided that:
 1. Equities will be traded on one of the following national exchanges: New York Stock Exchange, American Stock Exchange or NASDAQ.
 2. The individual issue meets the following criteria:
 - a. Fixed income: Standard & Poor's, AAA, AA, A or Moody's Aaa, Aa, A.
 - b. Money Market: Standard & Poor's A1, or Moody's P1.
 3. Not more than 5% of the Firefighters' Pension Plan's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.

Limitations

1. Investments in corporate common stock and convertible bonds shall not exceed 70% of the Firefighters' Pension Plan's assets at market value.

Police Pension Plan

Within certain limitations as specified in the Police Plan, investment policy is determined by the Police Pension Board and is implemented by an investment advisor. Funds not needed for current obligations are invested in bonds, notes, money market funds, common stocks, and U.S. Government Securities.

2. Plan Description and Contribution Information

Firefighters' Pension Plan

The following brief description of the Firefighters' Pension Plan is provided for general information purposes only. The Firefighters' Pension Plan was established by Town Ordinance 80-42 and has subsequently been amended from time to time by the Town Council. Participants should refer to the Plan documents for more complete information. Additionally, a separate public employee retirement system annual report for the Firefighters' Pension Plan is publicly available from the Town of Davie Budget and Finance Department, 6591 Orange Drive, Davie, Florida 33314.

Plan Description

The Town is the sponsor of a single-employer, Public Employee Retirement System (PERS). This defined benefit pension plan covers substantially all of the Town's firefighters. The PERS is considered part of the Town's financial reporting entity and is therefore included in this financial report as a pension trust fund. The latest available actuarial report is as of October 1, 1997.

All full time firefighters are eligible to participate in the Plan. Employees who have completed 10 or more years of service are entitled to benefits of 3% of their average monthly earnings times the number of years and completed months of continuous service for the first twenty years, plus 2% of the next ten years thereafter.

On July 1, 1998, the Plan adopted the Deferred Retirement Option Plan (DROP) under Resolution R-98-229. The Resolution as amended in December 1998 by Resolution R-98-374 allows eligible employees to participate in the DROP for a maximum of five years. Upon election to participate in the DROP, monthly retirement benefits that would have been payable had the member terminated employment and elected to receive monthly pension payments is made into the member's DROP account. DROP payments contributed to a member's DROP account earn or lose interest at the same rate and frequency as in the Plan, less reasonable and necessary administrative expenses. No benefit payments are made from a member's DROP account during their participation in the DROP. Benefits are paid upon termination.

The Plan also provides for disability and death benefits. Active employees who become disabled receive 66.7% of their earnings, if the disability is service related. If an active employee dies, his or her spouse receives 50% of the employees' average monthly earnings until the spouse either dies or remarries. Each unmarried child that is not a student receives 5% of the employee's earnings until age 18. For unmarried children that are students, the benefits continue until the earlier of death, marriage, or until age 22. The maximum family benefit is 60% of the employee's earnings.

O. PENSION PLAN INFORMATION (Continued)

2. Plan Description and Contribution Information (Continued)

Participants immediately vest in 100% of their contributions and related earnings. Benefits vest at 100% after the participant has attained 10 years of credited service.

Plan provisions are established by the Town Council. Changes to established provisions require a majority vote of the Council.

Current membership in the Plan as of September 30, 1999 consists of the following:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	11
Terminated employees entitled to benefits but not yet receiving them	<u>-</u>
Sub total	<u>11</u>
Active Employees:	
DROP participants	13
Fully vested	28
Partially vested	32
Non-vested	<u>14</u>
Sub total	<u>87</u>
Total	<u><u>98</u></u>

Funding Policy

Firefighters' Pension Plan members are required to contribute 5% of their basic compensation. The State is required to contribute pursuant to Chapter 175 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on Town of Davie properties. The premium tax is collected by the State and remitted to the Town. The Town contributions are based upon actuarially determined amounts which, together with earnings, plan member and State contributions, are sufficient to fund the Firefighters' Pension Plan.

Police Pension Plan

The following brief description of the Police Pension Plan is provided for general information purposes only. The Police Pension Plan was established by Town Ordinance 76-13 and has subsequently been amended from time to time by the Town Council. Participants should refer to the Plan documents for more complete information. Additionally, a separate public employee retirement system annual report for the Police Pension Plan is publicly available from the Town of Davie Budget and Finance Department, 6591 Orange Drive, Davie, Florida 33314.

Plan Description

The Town is the sponsor of a single-employer, Public Employee Retirement System (PERS). This defined benefit pension plan covers substantially all of the Town's police officers. The PERS is considered part of the Town's financial reporting entity and is therefore included in this financial report as a pension trust fund. The latest available actuarial report is as of October 1, 1997.

Normal Retirement

Any member may retire the earlier of the date on which they attain 20 years of credited service or the date on which they attain age 55. A member has vested benefits after 10 years of continuous service.

Upon retirement, a member will receive a monthly benefit amount equal to the number of years of credited service multiplied by 3% of final average earnings for the first 20 years of service and 2% per year for the next ten years of service with an 80% maximum of the final average earnings.

The member's benefits commence on the first day of the month following their retirement date and are continued until their death. A member with the consent of the Town, may continue to work beyond their normal retirement date and retire on any subsequent first day of the month.

Early Retirement

Any member who has completed 15 years of credited service and attained age 50 may retire early, with the consent of the Town.

Upon early retirement, a member will receive a monthly benefit amount equal to the number of years of credited service at that date, multiplied by final average earnings and reduced actuarially to reflect earlier receipt of payment.

O. PENSION PLAN INFORMATION (Continued)

2. Plan Description and Contribution Information (Continued)

Deferred Retirement Option Plan

A member may enter into the police officers' Deferred Retirement Option Plan (DROP) which was implemented for the year ended September 30, 1998, on the first day of any month after completing 20 years of credited service and becoming eligible to receive a service retirement pension. The DROP is administered by the Police Officers' Pension Board of Trustees. The rate of return earned by the Plan is the same as that earned by the Fund less a \$10 per month adjustment for expenses. Once a member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their (frozen) monthly retirement benefit.

Disability

Any member who receives a medically substantiated service connected disability as determined by the Pension Board will receive a monthly benefit equal to 66-2/3% of such members base pay at time of disability, less any applicable benefits payable by Federal Old Age, Survivors and Disability Insurance, Workers' Compensation benefits or other disability benefits payable from Broward County or the Town. If the disability is non-service connected, a member will receive a monthly benefit of 1.50% of final average earnings multiplied by the number of years of benefit service at their date of disability. Benefits are payable beginning in the month following the later of (1) the date when the disability has existed for six months, and (2) the date when the Board makes its determination that the member has incurred a disability.

Death Benefits

If, prior to retirement, death is non-service connected or member had no spouse to whom he had been married for at least one (1) year prior to death, the death benefit shall be the return of accumulated employee contributions plus prior plan benefits, if any. If death is service-connected and member has an eligible spouse, such spouse shall be entitled to a monthly annuity equal to 50% of the member's base pay at a member's date of death. Such pension shall continue to the spouse until the earlier of the spouse's death or remarriage, with a guarantee that such benefits will at least equal the member's accumulated contributions at member's date of death.

Upon death of a retired member, a death benefit of the accumulated contributions at date of retirement less benefits paid to date of death shall be returned.

Employee membership data at October 1, 1998 was as follows:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	-
Active plan participants:	<u>128</u>
Total	<u>146</u>

Funding Policy

Police Pension Plan members are required to contribute 5% of their basic compensation. The State is required to contribute pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on Town of Davie properties. The premium tax is collected by the State and remitted to the Town. The Town contributions are sufficient to fund the Police Pension Plan.

3. Annual Pension Cost and Net Pension Obligation

The Town's annual pension costs and net pension obligations to the Firefighters and Police plans for the current year were as follows:

	<u>Firefighters</u>	<u>Police</u>
Annual required contribution	\$800,925	\$1,275,726
Interest on net pension obligation	0	0
Adjustment to annual required contribution	<u>0</u>	<u>0</u>
Annual pension cost	800,925	1,275,726
Contributions made	<u>972,632</u>	<u>1,275,726</u>
Increase in net pension obligation	(171,707)	0
Net pension obligation beginning at year	<u>196,873</u>	<u>0</u>
Net pension obligation end of year	<u>\$25,166</u>	<u>\$0</u>

The required contributions for the current year were determined by an update of the Firefighters and Police October 1, 1997 actuarial valuations using the frozen entry age actuarial cost method. The actuarial assumptions for the Firefighters valuation included (a) 8.5% investment rate of return and (b) projected salary increases of 6.5%. Both (a) and (b) included an inflation component of 4.0%. Assets were valued at 100% of market value. The actuarial assumptions for the Police valuation included (a) 7.0% investment rate of return and (b) projected salary increases of 6.0%. Both (a) and (b) included an inflation component of 4.0%. Assets were valued at 50% of cost value plus 50% of market value, but not more than 120% of market value nor less than 80% of market value.

O. PENSION PLAN INFORMATION (Continued)

4. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three-year information for the years ended September 30, is presented as follows:

	<u>Firefighters</u>			<u>Police</u>		
Fiscal Year Ending	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Annual Pension Cost (APC)	\$800,925	\$783,981	\$682,907	\$1,275,726	\$1,144,624	\$1,196,347
Percentage of APC Contributed	121%	75%	100%	100%	100%	100%
Net Pension Obligation	25,166	\$196,873	\$0	\$0	\$0	\$0

Contributions to both plans were made in accordance with actuarially determined requirements. Six year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented in the accompanying required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

TOWN OF DAVIE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental	\$7,339,681	\$7,749,931	\$7,949,627	\$199,696
Property Taxes	14,701,232	14,701,232	14,631,099	(70,133)
Utility Taxes	6,584,083	6,584,083	6,660,567	76,484
Franchise Taxes	4,868,948	4,868,948	4,674,734	(194,214)
Licenses and Permits	2,590,000	2,590,000	3,842,647	1,252,647
Charges for Services	1,949,635	1,949,635	3,038,327	1,088,692
Fines and Forfeitures	500,800	500,800	507,586	6,786
Fire Rescue Assessments	1,300,000	1,300,000	1,268,290	(31,710)
Miscellaneous	725,000	725,000	1,054,346	329,346
Interest	<u>1,650,000</u>	<u>1,650,000</u>	<u>2,081,119</u>	<u>431,119</u>
Total Revenues	<u>42,209,379</u>	<u>42,619,629</u>	<u>45,708,342</u>	<u>3,088,713</u>
EXPENDITURES:				
General Government:				
Town Administration Department:				
Personnel Services	570,723	570,723	509,264	61,459
Operating Expenditures	388,262	394,703	514,134	(119,431)
Capital Outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>958,985</u>	<u>965,426</u>	<u>1,023,398</u>	<u>(57,972)</u>
Budget and Finance Department:				
Personnel Services	643,354	643,354	601,170	42,184
Operating Expenditures	232,402	232,184	188,757	43,427
Capital Outlay	<u>3,500</u>	<u>3,500</u>	<u>—</u>	<u>3,500</u>
Total	<u>879,256</u>	<u>879,038</u>	<u>789,927</u>	<u>89,111</u>
Administrative Services Department:				
Personnel Services	539,022	539,022	543,096	(4,074)
Operating Expenditures	616,372	638,586	624,642	13,944
Capital Outlay	<u>—</u>	<u>7,000</u>	<u>7,501</u>	<u>(501)</u>
Total	<u>1,155,394</u>	<u>1,184,608</u>	<u>1,175,239</u>	<u>9,369</u>
Development Services Department:				
Personnel Services	3,030,441	3,024,235	2,838,087	186,148
Operating Expenditures	654,875	719,146	1,096,424	(377,278)
Capital Outlay	<u>413,707</u>	<u>828,957</u>	<u>237,887</u>	<u>591,070</u>
Total	<u>4,099,023</u>	<u>4,572,338</u>	<u>4,172,398</u>	<u>399,940</u>
Parks and Recreation Department:				
Personnel Services	2,358,433	2,359,159	1,995,153	364,006
Operating Expenditures	2,145,984	2,175,056	2,037,813	137,243
Capital Outlay	<u>18,900</u>	<u>51,150</u>	<u>38,367</u>	<u>12,783</u>
Total	<u>4,523,317</u>	<u>4,585,365</u>	<u>4,071,333</u>	<u>514,032</u>
Total General Government	<u>11,615,975</u>	<u>12,186,775</u>	<u>11,232,295</u>	<u>954,480</u>

(continued on next page)

TOWN OF DAVIE, FLORIDA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Public Safety:				
Police Department:				
Personnel Services	12,132,368	12,147,066	13,306,322	(1,159,256)
Operating Expenditures	1,943,222	1,960,927	2,133,777	(172,850)
Capital Outlay	<u>-</u>	<u>12,932</u>	<u>472,347</u>	<u>(459,415)</u>
Total	<u>14,075,590</u>	<u>14,120,925</u>	<u>15,912,446</u>	<u>(1,791,521)</u>
Fire Department:				
Personnel Services	6,378,955	6,367,782	6,727,856	(360,074)
Operating Expenditures	1,075,076	1,111,659	926,924	184,735
Capital Outlay	<u>-</u>	<u>3,640</u>	<u>15,647</u>	<u>(12,007)</u>
Total	<u>7,454,031</u>	<u>7,483,081</u>	<u>7,670,427</u>	<u>(187,346)</u>
Total Public Safety	<u>21,529,621</u>	<u>21,604,006</u>	<u>23,582,873</u>	<u>(1,978,867)</u>
Public Works:				
Personnel Services	730,986	733,986	756,024	(22,038)
Operating Expenditures	1,590,834	1,599,260	1,432,641	166,619
Capital Outlay	<u>6,000</u>	<u>6,699</u>	<u>3,365</u>	<u>3,334</u>
Total Public Works	<u>2,327,820</u>	<u>2,339,945</u>	<u>2,192,030</u>	<u>147,915</u>
Debt Service:				
Principal Retirements	3,842,210	3,842,210	3,817,210	25,000
Interest	<u>1,917,932</u>	<u>1,917,932</u>	<u>1,755,765</u>	<u>162,167</u>
Total Debt Service	<u>5,760,142</u>	<u>5,760,142</u>	<u>5,572,975</u>	<u>187,167</u>
Impact Fee Reserves	<u>475,000</u>	<u>475,000</u>	<u>-</u>	<u>475,000</u>
Contingencies	<u>500,821</u>	<u>253,761</u>	<u>-</u>	<u>253,761</u>
Total Expenditures	<u>42,209,379</u>	<u>42,619,629</u>	<u>42,580,173</u>	<u>39,456</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	3,128,169	3,128,169
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-Term Debt	1,900,000	1,900,000	10,000,000	8,100,000
Transfers Out	<u>(2,283,000)</u>	<u>(2,283,000)</u>	<u>(6,263,929)</u>	<u>(3,980,929)</u>
Total Other Financing Sources (Uses)	<u>(383,000)</u>	<u>(383,000)</u>	<u>3,736,071</u>	<u>4,119,071</u>
NET CHANGE IN FUND BALANCE	(383,000)	(383,000)	6,864,240	7,247,240
FUND BALANCES, OCTOBER 1	<u>14,518,208</u>	<u>14,518,208</u>	<u>14,518,208</u>	<u>-</u>
FUND BALANCES, SEPTEMBER 30	<u>\$14,135,208</u>	<u>\$14,135,208</u>	<u>\$21,382,448</u>	<u>\$7,247,240</u>

TOWN OF DAVIE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Frozen Entry Age (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
<u>FIREFIGHTERS</u>						
10/01/92	\$5,623	\$6,598	\$975	85.2%	\$2,221	43.9%
10/01/93	7,382	8,292	910	89.0	2,350	38.7
10/04/94	7,395	8,428	1,033	87.7	2,636	39.2
10/01/95	9,070	10,067	997	90.1	2,773	36.0
10/01/96	10,550	11,604	1,054	90.9	2,902	36.3
10/01/97	13,046	14,189	1,143	91.9	3,364	34.0
<u>POLICE</u>						
10/01/92	\$8,697	\$10,008	\$1,311	86.9%	\$4,146	31.6%
10/01/93	9,931	11,163	1,232	89.0	4,467	27.6
10/01/94	10,866	15,356	4,490	70.8	4,195	107.0
10/01/95	13,843	18,271	4,428	75.8	5,307	83.4
10/01/96	16,975	21,045	4,070	80.7	5,637	72.2
10/01/97	21,504	24,885	3,381	86.4	5,339	63.3

TOWN OF DAVIE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN CONTRIBUTIONS

	<u>FIREFIGHTERS</u>		<u>POLICE</u>	
<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed*</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed*</u>
1994	\$487,870	105%	\$562,893	103%
1995	634,643	106	1,119,160	100
1996	660,471	106	1,342,631	116
1997	682,907	100	1,196,347	100
1998	783,981	75	1,144,624	100
1999	800,925	121	1,275,726	100

*Includes State contributions.

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	<u>FIREFIGHTERS</u>	<u>POLICE</u>
Valuation date	10/01/97	10/01/97
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level payment, closed	Level payment, closed
Remaining amortization period	30 years	30 years
Asset valuation method value	Assets were valued at 100% of market value	Assets were valued at 50% of cost plus 50% of market value, but not more than 120% of market value nor less than 80% of market value
Actuarial assumptions:		
Investment rate of return	8.5%	7.0%
Projected salary increases	6.5%	6.0%
Cost of living adjustments	None	None

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Vehicle Maintenance Fund - This fund is used to accumulate the cost of operating a central garage facility for vehicle and equipment maintenance.

Self-Insurance Fund - This fund is used to account for a deductible amount per claim for workers' compensation and property damage insurance for which the Town is self-insured.

Information Systems Fund - This fund is used to account for the accumulation of capital and distribution of costs associated with information systems equipment.

Building Maintenance Fund - This fund is used to account for the accumulation of capital and distribution of costs associated with operating Town facilities.

TOWN OF DAVIE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 1999

	VEHICLE MAINTENANCE	SELF- INSURANCE	INFORMATION SYSTEMS	BUILDING MAINTENANCE	TOTAL
<u>ASSETS</u>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$3,129,761	\$3,534,065	\$116,741	\$217,478	\$6,998,045
Accounts Receivable	10,934	-	-	-	10,934
Prepaid Items	39,339	-	-	1,448	40,787
Inventory	<u>7,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,495</u>
Total Current Assets	<u>3,187,529</u>	<u>3,534,065</u>	<u>116,741</u>	<u>218,926</u>	<u>7,057,261</u>
Capital Assets:					
Buildings and Equipment, Net	<u>1,253,726</u>	<u>-</u>	<u>333,088</u>	<u>97,725</u>	<u>1,684,539</u>
Total Assets	<u>4,441,255</u>	<u>3,534,065</u>	<u>449,829</u>	<u>316,651</u>	<u>8,741,800</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	157,847	2,240	62,439	24,774	247,300
Estimated Insurance Claims	-	817,375	-	-	817,375
Bonds Payable	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total Current Liabilities	<u>182,847</u>	<u>819,615</u>	<u>62,439</u>	<u>24,774</u>	<u>1,089,675</u>
Noncurrent Liabilities:					
Bonds Payable	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total Liabilities	<u>282,847</u>	<u>819,615</u>	<u>62,439</u>	<u>24,774</u>	<u>1,189,675</u>
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	1,128,726	-	333,088	97,725	1,559,539
Unrestricted	<u>3,029,682</u>	<u>2,714,450</u>	<u>54,302</u>	<u>194,152</u>	<u>5,992,586</u>
Total Net Assets	<u>\$4,158,408</u>	<u>\$2,714,450</u>	<u>\$387,390</u>	<u>\$291,877</u>	<u>\$7,552,125</u>

TOWN OF DAVIE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>VEHICLE MAINTENANCE</u>	<u>SELF- INSURANCE</u>	<u>INFORMATION SYSTEMS</u>	<u>BUILDING MAINTENANCE</u>	<u>TOTAL</u>
Operating Revenues:					
Charges for Services	<u>\$1,944,282</u>	<u>\$1,760,241</u>	<u>\$854,131</u>	<u>\$259,112</u>	<u>\$4,817,766</u>
Total Operating Revenues	<u>1,944,282</u>	<u>1,760,241</u>	<u>854,131</u>	<u>259,112</u>	<u>4,817,766</u>
Operating Expenses:					
Personal Services	-	-	281,320	-	281,320
Maintenance	718,062	-	178,432	125,565	1,022,059
Insurance	114,844	898,293	-	-	1,013,137
Claims	-	304,121	-	-	304,121
Administrative	-	53,929	-	-	53,929
Depreciation and Amortization	<u>317,225</u>	<u>-</u>	<u>154,830</u>	<u>21,488</u>	<u>493,543</u>
Total Operating Expenses	<u>1,150,131</u>	<u>1,256,343</u>	<u>614,582</u>	<u>147,053</u>	<u>3,168,109</u>
Operating Income	<u>794,151</u>	<u>503,898</u>	<u>239,549</u>	<u>112,059</u>	<u>1,649,657</u>
Non-operating Expenses:					
Interest Expense	(5,937)	-	-	-	(5,937)
Loss on Sale of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(707)</u>	<u>(707)</u>
Total Non-operating Expenses	<u>(5,937)</u>	<u>-</u>	<u>-</u>	<u>(707)</u>	<u>(6,644)</u>
Change in Net Assets	788,214	503,898	239,549	111,352	1,643,013
Net Assets, October 1	<u>3,370,194</u>	<u>2,210,552</u>	<u>147,841</u>	<u>180,525</u>	<u>5,909,112</u>
Net Assets, September 30	<u><u>\$4,158,408</u></u>	<u><u>\$2,714,450</u></u>	<u><u>\$387,390</u></u>	<u><u>\$291,877</u></u>	<u><u>\$7,552,125</u></u>

TOWN OF DAVIE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>VEHICLE MAINTENANCE</u>	<u>SELF- INSURANCE</u>	<u>INFORMATION SYSTEMS</u>	<u>BUILDING MAINTENANCE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Service Charges	\$1,945,482	\$1,760,241	\$649,769	\$259,112	\$4,614,604
Cash Paid to Suppliers	(748,428)	(1,267,291)	(172,612)	(111,421)	(2,299,752)
Cash Paid to Employees	<u>—</u>	<u>(31,314)</u>	<u>(273,724)</u>	<u>—</u>	<u>(305,038)</u>
Net Cash Provided by Operating Activities	<u>1,197,054</u>	<u>461,636</u>	<u>203,433</u>	<u>147,691</u>	<u>2,009,814</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal Reduction of Long-Term Debt	(25,000)	-	-	-	(25,000)
Acquisition and Construction of Capital Assets	(323,439)	-	(86,692)	(57,682)	(467,813)
Interest Paid on Long-Term Debt	<u>(5,937)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,937)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(354,376)</u>	<u>—</u>	<u>(86,692)</u>	<u>(57,682)</u>	<u>(498,750)</u>
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	842,678	461,636	116,741	90,009	1,511,064
POOLED CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>2,287,083</u>	<u>3,072,429</u>	<u>—</u>	<u>127,469</u>	<u>5,486,981</u>
POOLED CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>\$3,129,761</u></u>	<u><u>\$3,534,065</u></u>	<u><u>\$116,741</u></u>	<u><u>\$217,478</u></u>	<u><u>\$6,998,045</u></u>

(continued on next page)

TOWN OF DAVIE, FLORIDA

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>VEHICLE MAINTENANCE</u>	<u>SELF- INSURANCE</u>	<u>INFORMATION SYSTEMS</u>	<u>BUILDING MAINTENANCE</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income	<u>\$794,151</u>	<u>\$503,898</u>	<u>\$239,549</u>	<u>\$112,059</u>	<u>\$1,649,657</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	317,225	-	154,830	21,488	493,543
Change in Assets and Liabilities:					
Decrease in Accounts Receivable	1,200	-	-	-	1,200
Decrease in Inventory	3,130	-	-	-	3,130
(Increase) Decrease in Prepaid Items	(10,628)	-	-	527	(10,101)
Increase (Decrease) in Accounts Payable and Accrued Liabilities and Compensated Absences	91,976	(25,192)	13,416	13,617	93,817
Decrease in Due to Other Funds	-	-	(204,362)	-	(204,362)
Increase in Estimated Insurance Claims	-	(17,070)	-	-	(17,070)
Total Adjustments	<u>402,903</u>	<u>(42,262)</u>	<u>(36,116)</u>	<u>35,632</u>	<u>360,157</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$1,197,054</u>	<u>\$461,636</u>	<u>\$203,433</u>	<u>\$147,691</u>	<u>\$2,009,814</u>

FIDUCIARY FUNDS

Fiduciary trust funds are used to account for assets held by the government in a trustee capacity.

Police Pension Fund - This fund is used to account for the accumulation of resources for pension benefit payments to qualified police employees of the Town of Davie.

Firefighters Pension Fund - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighter employees of the Town of Davie.

Money Purchase Plan Fund - This fund is used to account for the defined contribution pension plan established in accordance with the provisions of Internal Revenue Code Section 401 and which is maintained for the benefit of all eligible full time employees not covered by the Police or Firefighters' Plans.

TOWN OF DAVIE, FLORIDA
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 1999

	POLICE PENSION	FIREFIGHTERS PENSION	MONEY PURCHASE PLAN	TOTAL
<u>ASSETS</u>				
Pooled Cash and Cash Equivalents	\$1,419,833	\$438,438	\$1,200	\$1,859,471
Receivables:				
Interest and Dividends	134,456	92,578	-	227,034
Contributions Receivable	<u>501,998</u>	<u>456,662</u>	-	<u>958,660</u>
Total Receivables	<u>636,454</u>	<u>549,240</u>	-	<u>1,185,694</u>
Investments, at Fair Value	<u>30,367,905</u>	<u>18,325,470</u>	<u>7,806,290</u>	<u>56,499,665</u>
Total Assets	<u>32,424,192</u>	<u>19,313,148</u>	<u>7,807,490</u>	<u>59,544,830</u>
<u>LIABILITIES</u>				
Due to Broker	296,991	-	-	296,991
Accounts Payable	55,544	-	1,200	56,744
Deferred Benefits Payable	<u>611,738</u>	<u>609,592</u>	-	<u>1,221,330</u>
Total Liabilities	<u>964,273</u>	<u>609,592</u>	<u>1,200</u>	<u>1,575,065</u>
<u>NET ASSETS</u>				
Held in Trust for Pension Benefits	<u>31,459,919</u>	<u>18,703,556</u>	<u>7,806,290</u>	<u>57,969,765</u>
Total Net Assets	<u>\$31,459,919</u>	<u>\$18,703,556</u>	<u>\$7,806,290</u>	<u>\$57,969,765</u>

TOWN OF DAVIE, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>POLICE PENSION</u>	<u>FIREFIGHTERS PENSION</u>	<u>MONEY PURCHASE PLAN</u>	<u>TOTAL</u>
ADDITIONS:				
Contributions:				
Town	\$1,275,726	\$972,632	\$601,938	\$2,850,296
Employee	<u>321,016</u>	<u>209,338</u>	<u>141,871</u>	<u>672,225</u>
Total Contributions	<u>1,596,742</u>	<u>1,181,970</u>	<u>743,809</u>	<u>3,522,521</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	2,506,755	931,536	1,100,476	4,538,767
Interest and Dividends	<u>940,607</u>	<u>622,212</u>	<u>-</u>	<u>1,562,819</u>
	3,447,362	1,553,748	1,100,476	6,101,586
Less Investment Expenses	<u>152,425</u>	<u>93,229</u>	<u>-</u>	<u>245,654</u>
Net Investment Income	<u>3,294,937</u>	<u>1,460,519</u>	<u>1,100,476</u>	<u>5,855,932</u>
Total Additions	<u>4,891,679</u>	<u>2,642,489</u>	<u>1,844,285</u>	<u>9,378,453</u>
DEDUCTIONS:				
Benefits	670,762	823,770	-	1,494,532
Refunds of Contributions	13,289	-	643,248	656,537
Administrative Expenses	<u>165,172</u>	<u>103,137</u>	<u>-</u>	<u>268,309</u>
Total Deductions	<u>849,223</u>	<u>926,907</u>	<u>643,248</u>	<u>2,419,378</u>
Change in Net Assets	4,042,456	1,715,582	1,201,037	6,959,075
Net Assets, October 1	<u>27,417,463</u>	<u>16,987,974</u>	<u>6,605,253</u>	<u>51,010,690</u>
Net Assets, September 30	<u><u>\$31,459,919</u></u>	<u><u>\$18,703,556</u></u>	<u><u>\$7,806,290</u></u>	<u><u>\$57,969,765</u></u>

**STATISTICAL SECTION
(SUPPLEMENTAL DATA)**

TOWN OF DAVIE, FLORIDA

TABLE 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>CULTURE AND RECREATION</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1990	\$4,724,877	\$11,469,646	\$1,060,541	\$2,052,222	\$257,642	\$2,248,511	\$21,813,439
1991	4,725,218	12,900,677	1,095,235	2,494,450	104,576	2,616,165	23,936,321
1992	4,836,349	12,262,836	1,282,614	2,269,330	67,620	2,726,299	23,445,048
1993	4,386,036	12,538,950	1,637,248	2,220,623	22,871	2,805,467	23,611,195
1994	5,264,934	15,404,878	1,309,548	2,445,666	121,508	20,766,676 (2)	45,313,210
1995	4,845,326	15,704,167	1,372,102	2,608,614	401,589	4,130,473	29,062,271
1996	5,558,561	17,725,911	1,502,800	2,817,915	1,102,864	4,187,894	32,895,945
1997	5,746,424	19,849,215	1,623,524	3,187,507	1,493,511	4,856,002	36,756,183
1998	6,105,652	21,305,069	1,919,879	3,711,885	1,115,204	5,099,924	39,257,613
1999	6,791,670	23,164,889	2,069,393	3,994,131	1,194,372	5,572,975	42,787,430

(1) Includes the General Fund only.

(2) Debt service for the year includes amounts relating to refinancings of existing Town debt.
Portion related to refinancing was \$17,250,000 in 1994.

TOWN OF DAVIE, FLORIDA

TABLE 2

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

<u>FISCAL</u> <u>YEAR</u>	<u>AD</u> <u>VALOREM</u> <u>TAXES</u>	<u>UTILITY</u> <u>TAXES</u>	<u>FRANCHISE</u> <u>TAXES</u>	<u>LICENSES</u> <u>AND</u> <u>PERMITS</u>	<u>INTER-</u> <u>GOVERNMENTAL</u>	<u>CHARGES</u> <u>FOR</u> <u>SERVICES</u>	<u>FINES AND</u> <u>FORFEITURES</u>	<u>ROADWAY</u> <u>ASSESSMENT</u>	<u>FIRE</u> <u>RESCUE</u> <u>ASSESSMENT</u>	<u>INTEREST AND</u> <u>MISCELLANEOUS</u>	<u>TOTAL</u>
1990	\$7,072,321	\$3,599,000	\$2,816,018	\$1,350,224	\$3,411,548	\$1,293,458	\$684,677	\$ -	\$ -	\$1,777,196	\$22,004,441
1991	8,161,434	3,930,966	2,956,445	948,461	3,722,935	1,018,123	655,728	-	-	2,161,984	23,556,071
1992	9,249,717	4,253,427	3,171,266	1,083,819	4,115,200	961,670	591,952	54,885	-	1,234,895	24,716,831
1993	9,114,355	4,753,214	3,380,758	1,298,242	5,024,417	1,031,658	565,613	1,202,027	-	1,361,708	27,731,991
1994	9,858,226	4,819,039	3,782,850	2,014,879	4,675,301	1,432,591	556,409	-	-	1,689,657	28,828,951
1995	10,201,973	4,912,082	3,830,909	2,076,693	5,783,414	1,438,288	1,296,827	-	-	2,292,486	31,832,671
1996	10,854,249	5,287,878	4,193,150	2,347,517	6,128,817	1,639,660	1,144,352	-	-	2,388,522	33,984,141
1997	11,937,524	5,814,706	4,664,620	2,554,959	6,831,009	1,844,483	1,018,672	-	1,119,581	2,704,182	38,489,731
1998	13,557,730	6,121,911	4,548,644	3,195,318	7,383,242	2,447,620	1,084,761	-	1,243,466	2,828,030	42,410,721
1999	14,631,099	6,660,567	4,674,734	3,842,647	7,949,627	3,038,327	1,260,104	-	1,268,290	3,135,465	46,460,861

(1) Includes the General Fund only.

TOWN OF DAVIE, FLORIDA

TABLE 3

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTION</u>	<u>PERCENTAGE OF CURRENT TAX COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>RATIO OF TOTAL DELINQUENT TAXES TO TOTAL TAX LEVY</u>
1990	\$7,310,926	\$7,177,019	98.1 %	\$35,970	\$7,212,989	98.0 %	\$443,458	6.0 %
1991	8,115,551	7,906,861	97.4	160,895	8,067,756	99.4	423,986	5.2
1992	9,252,094	9,004,269	97.3	181,345	9,185,614	99.3	308,167	3.3
1993	9,060,609	8,932,307	98.6	34,663	8,966,970	99.0	408,982	4.5
1994	9,839,901	9,662,020	98.2	104,072	9,766,092	99.2	507,741	5.2
1995	10,127,463	10,063,092	99.4	53,383	10,116,475	99.9	482,401	4.8
1996	10,692,663	10,633,023	99.4	52,273	10,685,296	99.9	595,761	5.6
1997	12,320,333	12,149,371	98.6	30,522	12,179,893	98.9	746,351	6.1
1998	13,986,795	13,898,455	99.4	26,194	13,924,649	99.6	787,578	5.6
1999	15,353,024	15,257,581	99.4	18,113	15,275,694	99.5	858,804	5.6

TOWN OF DAVIE, FLORIDA

TABLE 4

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Ratio of Total Assessed Value to Total Estimated Actual Value (2)	<u>Exemptions</u> Real and Personal Property (1)	Taxable Value
	<u>Assessed Value (1)</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>			
1990	\$2,016,131,610	\$2,149,394,040	\$140,348,760	\$149,625,543	\$2,156,480,370	\$2,299,019,583	93.8 %	\$485,193,159	\$1,671,287,211
1991	2,278,072,581	2,348,528,434	149,233,273	153,848,735	2,427,305,854	2,502,377,169	97.0	620,407,840	1,806,898,014
1992	2,177,402,616	2,263,412,282	152,097,517	158,105,527	2,329,500,133	2,421,517,809	96.2	554,301,350	1,775,198,783
1993	2,250,242,329	2,305,576,157	153,764,435	157,545,528	2,404,006,764	2,463,121,685	97.6	569,920,497	1,834,086,267
1994	2,376,883,509	2,470,772,878	167,753,376	174,379,809	2,544,636,885	2,645,152,687	96.2	591,260,263	1,953,376,622
1995	2,532,275,130	2,610,384,450	201,308,976	201,308,976	2,733,584,106	2,811,693,426	97.2	612,739,522	2,120,844,584
1996	2,685,825,500	2,839,139,006	201,885,245	213,409,350	2,887,710,745	3,052,548,356	94.6	649,968,442	2,237,742,303
1997	2,909,679,640	2,984,286,810	214,912,128	220,422,695	3,124,591,768	3,204,709,505	97.5	702,221,635	2,422,370,133
1998	3,125,419,230	3,147,451,390	224,706,394	226,290,427	3,350,125,624	3,373,741,817	99.3	662,983,850	2,687,141,774
1999	3,363,676,250	3,425,332,230	226,755,470	230,911,884	3,590,431,720	3,656,244,114	98.2	686,332,720	2,904,099,000

(1) Source: Broward County Property Appraiser.

(2) Source: State of Florida Ad Valorem Taxation.

TOWN OF DAVIE, FLORIDA

TABLE 5

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS (1)

LAST TEN TAX YEARS

<u>TAX YEAR</u>	<u>TOWN OF DAVIE</u>	<u>COUNTY COMMISSION</u>	<u>SCHOOL BOARD</u>	<u>SOUTH WATER MANAGEMENT</u>	<u>BROWARD HOSPITAL</u>	<u>FLORIDA NAVIGATION DISTRICT (2)</u>	<u>TOTAL</u>
1990	5.0500	6.8329	9.6086	0.5470	2.0935	(2)	24.1320
1991	5.3843	7.2275	9.9258	0.5470	2.1173	(2)	25.2019
1992	5.3843	7.9618	9.8310	0.5470	2.1823	(2)	25.9064
1993	5.6001	8.1327	9.8197	0.5970	2.1823	(2)	26.3318
1994	5.3086	8.0343	10.0259	0.5970	2.1132	0.0490	26.1280
1995	5.3586	8.1165	10.0366	0.6470	2.1132	0.0400	26.3119
1996	5.5378	7.7524	9.9400	0.6720	2.1132	0.0380	26.0534
1997	5.8378	7.8380	9.9745	0.6970	2.1132	0.0500	26.5105
1998	5.7589	7.5710	9.7256	0.6970	2.1132	0.0470	25.9127
1999	6.0089	7.5710	9.1283	0.6970	2.0831	0.0440	25.5323

(1) Basis for property tax rates is per \$1,000 assessed value.

(2) Information unavailable.

TOWN OF DAVIE, FLORIDA

TABLE 6

PRINCIPAL TAXPAYERS

SEPTEMBER 30, 1999

<u>Taxpayer</u>	<u>Type of Business</u>	<u>1999 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Florida Power and Light Co.	Utility	\$33,210,080	.99 %
Tri-County Plaza Assoc. Ltd.	Retail Shopping Plaza	29,884,254	.89
Palm Trace Landings Ltd.	Housing	21,642,348	.65
Sunforest Apartments Ltd.	Housing	19,520,865	.58
Southern Bell Telephone Co.	Communications	18,923,074	.56
Pine Island Commons Ltd.	Retail Shopping Plaza	18,123,288	.54
Realty Income Trust (Rexmere)	Housing	14,715,633	.44
Davie Auto Brokers	Auto Auction	13,943,791	.42
ANDRX Corporation	Pharmaceutical	12,914,088	.39
New Town Commerce Center Ltd.	Warehouses	<u>12,274,111</u>	<u>.37</u>
	Total	\$195,151,532	5.83 %

Source: Broward County Revenue Collection Division - list of top taxpayers.

TOWN OF DAVIE, FLORIDA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS (1)

TABLE 7

Fiscal <u>Year</u>	Special Assessment <u>Billings</u>	Special Assessments <u>Collected</u>
1997	\$1,160,717	\$1,150,722
1998	1,287,684	1,286,094
1999	1,245,305	1,242,011

- (1) Since Fiscal Year 1997 was the initial year for the Fire Rescue Assessment, earlier years are not presented here since billings and collections for all previous years were \$0.

TOWN OF DAVIE, FLORIDA

TABLE 8

RATIO OF NET GENERAL OBLIGATION BONDED DEBT AND OTHER GENERAL BONDS AND NOTES PAYABLE
TO TAXABLE VALUE AND NET GENERAL OBLIGATION BONDED
DEBT PER CAPITA

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>TAXABLE VALUE (2)</u>	<u>NET BONDED DEBT (3)</u>	<u>RATIO OF NET BONDED DEBT TO TAXABLE VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>	<u>NON GENERAL OBLIGATION GENERAL BONDS AND NOTES PAYABLE</u>	<u>TOTAL DEBT</u>	<u>RATIO OF TOTAL DEBT TO TAXABLE VALUE</u>	<u>GENERAL BONDS AND NOTES PAYABLE PER CAPITA</u>
1990	47,143	\$1,671,287,211	\$10,000,000	0.6 %	\$224	\$19,450,000	\$29,450,000	1.8 %	\$660
1991	49,033	1,806,898,014	10,000,000	0.6	204	23,624,198	33,624,198	1.8	686
1992	50,259	1,775,198,783	10,000,000	0.6	199	23,235,903	33,235,903	1.9	661
1993	52,332	1,834,086,267	10,000,000	0.5	191	21,946,804	31,946,804	1.7	610
1994	53,400	1,953,376,622	10,000,000	0.5	187	24,635,372	34,635,372	1.8	649
1995	54,611	2,120,844,584	10,000,000	0.5	183	22,342,441	32,342,441	1.5	592
1996	59,393	2,237,742,303	10,000,000	0.4	168	22,397,508	32,397,508	1.4	545
1997	61,182	2,422,370,133	19,800,000	0.8	324	24,439,094	44,239,094	1.8	723
1998	61,799	2,687,141,774	19,566,896	0.7	317	21,545,066	41,111,962	1.5	665
1999	66,985	2,904,099,000	29,282,347	1.0	437	18,137,405	47,419,752	1.6	708

(1) From Table 12.

(2) From Table 4.

(3) Amount does not include revenue bonds.

TOWN OF DAVIE, FLORIDA

TABLE 9

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GOVERNMENTAL ACTIVITIES
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PRINCIPAL (1)</u>	<u>INTEREST (2)</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1, 3)</u>	<u>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</u>
1990	\$475,000	\$1,773,511	\$2,248,511	\$21,813,439	10.3 %
1991	575,000	2,041,165	2,616,165	23,936,321	10.9
1992	1,039,097	1,687,202	2,726,299	23,445,048	11.6
1993	1,289,099	1,516,368	2,805,467	23,611,195	11.9
1994	2,011,432	1,505,244	3,516,676	28,063,210	12.5
1995	2,292,932	1,837,541	4,130,473	29,062,271	14.2
1996	2,544,933	1,642,961	4,187,894	32,895,945	12.7
1997	2,958,414	1,897,588	4,856,002	36,756,183	13.2
1998	3,127,132	1,972,792	5,099,924	39,257,613	13.0
1999	3,817,210	1,755,765	5,572,975	42,787,430	13.0

- (1) Excludes principal payments made during refinancings.
 (2) Excludes bond issuance and other costs.
 (3) Includes General Fund only.

TOWN OF DAVIE

TABLE 10

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT (1)
GENERAL OBLIGATION BONDS

SEPTEMBER 30, 1999

<u>JURISDICTION</u>	<u>NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO GOVERNMENT</u>	<u>AMOUNT APPLICABLE TO GOVERNMENT</u>
Direct:			
Town of Davie	\$29,282,347	100 %	\$29,282,347
Overlapping:			
County Commission	311,644,000	4.8	14,958,912
School Board	<u>210,759,000</u>	4.8	<u>10,116,432</u>
Total	\$551,685,347		\$54,357,691

(1) The Town of Davie has no debt limitation.

TOWN OF DAVIE, FLORIDA

TABLE 11

REVENUE BOND COVERAGE
WATER AND SEWER DIVISION

LAST TEN FISCAL YEARS

FISCAL YEAR	GROSS REVENUES (1)	OPERATING EXPENSES (2)	NET REVENUES AVAILABLE FOR DEBT SERVICE	PLEDGED REVENUES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (3)			NET REVENUE COVERAGE	PLEDGE REVENUE COVERAGE
					PRINCIPAL	INTEREST	TOTAL		
1990	\$4,990,221	\$2,497,962	\$2,492,259	\$6,405,986	\$1,880,000	\$406,600	\$2,286,600	1.09	2.80
1991	5,010,305	2,436,311	2,573,994	6,892,925	1,348,704	751,296	2,100,000	1.23	3.28
1992	5,657,162	2,741,809	2,915,353	7,332,902	1,231,986	868,014	2,100,000	1.39	3.49
1993	6,060,645	2,873,745	3,186,900	7,748,216	1,119,972	1,935,184	3,055,156	1.04	2.54
1994	6,576,135	3,129,221	3,446,914	7,669,216	630,000	2,282,924	2,912,924	1.18	2.63
1995	7,395,977	2,826,161	4,569,816	9,448,226	470,000	2,265,484	2,735,484	1.67	3.45
1996	8,557,867	3,221,223	5,336,644	9,539,144	490,000	2,247,204	2,737,204	1.95	3.48
1997	8,759,178	3,241,087	5,518,091	10,700,432	890,000	2,216,221	3,106,221	1.78	3.44
1998	7,869,501	3,190,446	4,679,055	9,822,023	930,000	2,171,581	3,101,581	1.51	3.17
1999	6,994,953	3,315,684	3,679,269	10,090,884	975,000	2,126,758	3,101,758	1.19	3.25

(1) Gross revenues include interest income.

(2) Total operating exclusive of depreciation and amortization.

(3) Includes principal and interest of revenue bonds only. It does not include debt defeasance transactions.

TOWN OF DAVIE, FLORIDA

TABLE 12

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME BROWARD COUNTY (2)</u>	<u>MEDIAN AGE (2)</u>	<u>PUBLIC SCHOOL ENROLLMENT (3)</u>	<u>UNEMPLOYMENT RATE (4)</u>
1990	44,647	15,590	38.1	9,707	4.7
1991	49,033	17,366	32.6	11,185	6.8
1992	50,259	16,747	32.6	11,336	4.7
1993	52,332	23,000	32.6	13,448	7.3
1994	53,400	16,747	32.6	14,041	5.7
1995	54,611	16,747	32.0	12,811	5.1
1996	59,393	19,737	35.2	13,147	5.3
1997	61,182	26,192	38.9	13,692	4.1
1998	61,799	21,491	38.0	16,065	4.1
1999	66,985	22,433	36.6	16,884	3.7

- (1) Source: Local Government Financial Information Handbook.
 (2) Source: Bureau of Economic and Business Research.
 (3) Source: Broward County School Board 20th Day Membership Report.
 (4) Source: Florida Department of Labor and Employment Security.

TOWN OF DAVIE, FLORIDA

TABLE 13

PROPERTY VALUES, CONSTRUCTION, AND BANK DEPOSITS

LAST TEN FISCAL YEARS

FISCAL YEAR	REAL AND PERSONAL PROPERTY VALUE (1)	EXEMPTIONS (1)	NET REAL PROPERTY VALUE	NEW COMMERCIAL CONSTRUCTION (2)		NEW RESIDENTIAL CONSTRUCTION (2)		BANK DEPOSITS (3)
				Number of Units	Value	Number of Units	Value	
1990	\$2,016,131,610	\$485,193,159	\$1,530,938,451	28	\$28,529,523	784	\$67,394,367	\$ - (4)
1991	2,427,305,853	620,407,841	1,806,898,012	13	3,460,960	527	42,761,695	207,527,000
1992	2,329,500,133	554,301,350	1,775,198,783	8	3,031,520	684	51,426,502	417,160,000
1993	2,404,006,764	569,920,497	1,834,086,267	10	8,771,620	763	71,184,088	- (4)
1994	2,544,636,885	591,260,263	1,953,376,622	15	7,955,360	1,060	103,802,246	11,869,599,000 (5)
1995	2,733,584,106	612,739,522	2,120,844,584	34	21,249,954	893	71,955,135	13,613,773,000 (5)
1996	2,887,710,745	649,968,442	2,237,742,303	23	7,300,798	973	88,311,259	13,541,832,000 (5)
1997	3,124,591,768	702,221,635	2,422,370,133	25	18,181,514	381	50,058,315	13,689,973,000 (5)
1998	3,350,125,624	662,983,850	2,687,141,774	38	9,837,460	588	111,675,647	13,747,758,000 (5)
1999	3,590,431,720	686,332,720	2,904,099,000	46	51,799,840	765	108,133,302	14,747,331,000 (5)

(1) From Table 4.

(2) Source: Town of Davie Building Department.

(3) Source: Florida Bankers Association.

(4) Information unavailable.

(5) Information is no longer available for just the Town, but for the entire County.

TOWN OF DAVIE, FLORIDA
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 1999

TABLE 14

Date of incorporation.....	November 16, 1925
Date of reincorporation.....	September 19, 1961
Form of government.....	Council-Administrator
Number of employees (excluding police and fire):	
Classified.....	203
Exempt.....	3
Population.....	66,985
Area	34.5 square miles
Town of Davie facilities and services:	
Miles of paved streets.....	257.1
Miles of roads repaved.....	6
Miles of new roads paved.....	1.15
Number of street lights.....	3,011
Culture and Recreation:	
Community centers.....	3
Parks.....	20
Park acreage.....	245
Open space acreage.....	275.47
Ball fields.....	13
Playgrounds.....	7
Special facilities.....	2
Fire Protection:	
Number of stations.....	4
Number of fire personnel and officers.....	88
Number of calls answered.....	9,459
Number of inspections conducted.....	4,370
Police Protection:	
Number of stations.....	1
Number of police personnel and officers.....	207
Number of patrol units.....	131
Number of law violations:	
Physical arrests.....	3,715
Citations issued.....	15,786
Code Enforcement:	
Inspections and investigations.....	2,247
Correction notices issued.....	854
Code Enforcement Board/Special Master cases.....	341
Building permits issued (new construction).....	811
Occupational licenses issued.....	4,316
Sewerage System:	
Miles of gravity sewer lines.....	56
Miles of effluent discharge lines (ocean outfall).....	7
Miles of force mains.....	21
Number of treatment plant sites.....	1
Number of manholes.....	1,243
Number of service connections.....	5,717
Daily average treatment in gallons.....	2.6 MGD
Maximum daily capacity of plant in gallons.....	5 MGD

(continued on next page)

TOWN OF DAVIE, FLORIDA

MISCELLANEOUS STATISTICS (CONTINUED)

SEPTEMBER 30, 1999

Water System:

Miles of water mains.....	133
Number of service connections.....	7,859
Number of hydrants.....	6,809
Daily average consumption in gallons.....	3.76 MGD
Maximum daily capacity of plant in gallons.....	7.4 MGD capacity
Number of water plant sites.....	2

Meetings:

Town Council.....	34
Site Plan Committee.....	22
Planning and Zoning Board.....	24
Other.....	140

Public Education:

Number of schools.....	12
Number of instructors.....	946
Number of enrolled students.....	16,884

TOWN OF DAVIE, FLORIDA

TABLE 15

CUSTOMERS AND RATE SCHEDULE - WATER AND SEWER DIVISION

SEPTEMBER 30, 1999

<u>CUSTOMERS:</u>	<u>WATER</u>	<u>SEWER</u>
Residential	3,345	1,659
Multi unit residential and mobile homes	3,056	2,877
Commercial	<u>1,458</u>	<u>1,181</u>
Total	7,859	5,717

<u>RATE SCHEDULE:</u>	MONTHLY BASE SERVICE CHARGE	
	<u>(0 Gallons)</u>	
	<u>WATER</u>	<u>SEWER</u>
Residential:		
Single family	8.80	10.99
Multi unit - including duplexes, townhomes, etc.(per dwelling unit)	8.15	10.20
Mobile homes (per dwelling unit)	7.53	9.41
Plus a water charge of \$1.37 per each 1,000 gallons consumed.		
Plus a sewer charge of \$1.71 per each 1,000 gallons disposed to a maximum to 15,000 gallons per dwelling unit.		
Other than residential (excluding institutional customers and irrigation meters):		
Meter size:		
3/4 or less	8.80	10.99
1"	41.76	52.20
1 1/2"	72.71	90.89
2"	165.30	206.63
3" and over	*	*
Institutional Customers:		
Meter size:		
3/4" or less	9.55	11.94
1"	45.41	56.74
1 1/2"	79.03	98.81
2"	179.68	224.61
3" and over	*	*
Irrigation meters:		
Minimum, up to 1 ERC (Equivalent Residential Connection) - 350 G.P.D.	8.83	
For each additional ERC - 350 G.P.D. (as calculated by the Utility Department)	8.83	
(*) By agreement only		
Plus a Water Charge of \$1.37 per each 1,000 gallons consumed.		

TOWN OF DAVIE, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 1999

TABLE 16

1. General Liability/Automobile Liability – Florida Municipal Insurance Trust – Policy No. FMIT 130

LIMIT:	Each Person – \$100,000 Each Occurrence – \$200,000
SPECIFIC EXCESS:	\$1,000,000
DEDUCTIBLE:	\$0

2. Real/Personal Property – Florida Municipal Insurance Trust – Policy No. FMIT 130

LIMIT:	varies per location/item
DEDUCTIBLE:	\$1,000

3. Pollution Liability – American International – Policy No. PPL 818-98-76

LIMIT:	Each Loss – \$2,000,000 Total For All Losses – \$4,000,000
DEDUCTIBLE:	\$25,000

4. Boiler and Machinery – Hartford Steam Boiler – Policy No. FBP-AT-9450256

LIMIT:	Direct Damage – \$7,000,000 (Per Accident) a. Demolition – \$500,000 b. CFC Refrigerants – \$200,000 c. Expediting Expenses – \$200,000 d. Hazardous Substances – \$100,000 Business Income including Extra Expense – \$100,000 (Per Accident)
DEDUCTIBLE:	\$1,000 (except direct damage: \$25/HP on all air and refrigeration systems; \$1.00/KVA for transformers/miscellaneous electrical equipment)

5. Storage Tank Third-Party Liability/Corrective Action – Florida Petroleum Liability – Policy No. FPL7508538

LIMIT:	Each Incident – \$1,000,000 Aggregate – \$1,000,000
DEDUCTIBLE:	\$1,000

6. Flood – American Bankers - Policy Nos: ARF 0258024; ARF 0158594; ARF 0158593; ARF 0258022;
ARF 0257596; ARF 0258023; ARF 0257597

LIMIT:	varies per location
DEDUCTIBLE:	\$1,000

Compliance Section



Rachlin Cohen & Holtz LLP
 Certified Public Accountants & Consultants

**Report of Independent Certified Public Accountants on
 Compliance and Internal Control over Financial Reporting Based on an Audit of Financial
 Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor, Town Council and Town Administrator
 Town of Davie, Florida

We have audited the basic financial statements of the Town of Davie, Florida (the Town) as of and for the year ended September 30, 1999, and have issued our report thereon dated January 7, 2000. We did not audit the financial statements of the Town of Davie Police Officers Retirement System which represent 54% and 52%, respectively, of the assets and revenues of the fiduciary fund totals which are included in the fund financial statements. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it related to the amounts included for the Police Officers Retirement System, is based solely on the report of other auditors. Our report herein does not address their respective internal control or compliance. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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One Southeast Third Avenue, Tenth Floor, Miami, Florida 33131 • Tel 305-377-4226 • Fax 305-377-8331
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Honorable Mayor, Town Council and Town Administrator
Town of Davie, Florida
Page Two

This report is intended solely for the information and use of the Mayor, Town Council, management and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rachlin Cohen & Holtz LLP

Fort Lauderdale, Florida
January 7, 2000



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor, Town Council and Town Administrator
Town of Davie, Florida

We have audited the basic financial statements of the Town of Davie, Florida (the Town) as of and for the year ended September 30, 1999, and have issued a report thereon dated January 7, 2000. We did not audit the financial statements of the Town of Davie Police Officers Retirement System which represent 54% and 52% of the assets and revenues of the fiduciary fund totals which are included in the fund financial statements. Those statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion expressed, insofar as it related to the amounts included for the Police Officers Retirement System, is based solely upon the report of the other independent auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In connection with our audit of the basic financial statements of the Town for the year ended September 30, 1999, we report the following in accordance with Chapter 10.550 Rules of the Auditor General, *Local Governmental Entity Audits* which requires that this report specifically address but not be limited to the matters outlined in Rule 10.554(1)(e):

1. No inaccuracies, irregularities, shortages, defalcations or violations of laws, rules, regulations and contractual provisions were reported in the preceding annual financial audit.
2. The Town, during fiscal year 1999, was not in a state of financial emergency as defined by Florida Statute, Section 218.503 (1). The Town has a fund deficit in the Aquaculture enterprise fund. This deficit will be funded with available fund equity from the Community Endowment Trust Fund.
3. Recommendations made in the preceding annual financial audit report have been implemented.
4. Recommendations to improve the Town's present financial management and accounting procedures are accompanying this report in the Schedule of Findings and Questioned Costs.
5. During the course of our audit, nothing came to our attention that caused us to believe that the Town:
 - a. Was in violation of any laws, rules or regulations.
 - b. Made any illegal or improper expenditures.

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One Southeast Third Avenue, Tenth Floor, Miami, Florida 33131 • Tel 305 377 4228 • Fax 305 377 8331
Offices in: Miami • Ft. Lauderdale • Boca Raton • West Palm Beach • Stuart
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Honorable Mayor, Town Council and Town Administrator
Town of Davie, Florida
Page Two

- c. Had improper or inadequate accounting procedures.
 - d. Failed to record financial transactions which could have a material effect on the Town's basic financial statements.
 - e. Had other inaccuracies, irregularities, shortages and defalcations.
6. The annual financial report for the year ended September 30, 1999 has been filed with the Department of Banking and Finance pursuant to Section 218.32 Florida Statutes and is in agreement with the audited financial statements of the same period.
7. The Town was incorporated by Laws of Florida 61-2056.

This report is intended solely for the information and use of the Mayor, Town Council, management and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Dicklin Cohen & Holtz LLP

Fort Lauderdale, Florida
January 7, 2000



Rachlin Cohen & Holtz LLP
Certified Public Accountants & Consultants

**Report of Independent Certified Public Accountants on
Compliance with Requirements Applicable to Each Major Program and on Internal
Control over Compliance in Accordance with OMB Circular A-133**

Honorable Mayor, Town Council and Town Manager
Town of Davie, Florida

Compliance

We have audited the compliance of the Town of Davie, Florida (the Town) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1999. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

As described in item 99-2 in the accompanying schedule of findings and questioned costs, the Town did not comply with requirements regarding the submission of the reporting package to the Federal Audit Clearinghouse that is applicable to its major federal programs. Compliance with such requirement is necessary, in our opinion, for the Town to comply with the requirements applicable to those programs.

In our opinion, except for the non-compliance described in the preceding paragraph, the Town complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.



Honorable Mayor, Town Council and Town Manager
Town of Davie, Florida
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Internal Control over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, Town Council, management and the Grantor Agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rachlin, Cohen & Holtz LLP

Fort Lauderdale, Florida
January 7, 2000

TOWN OF DAVIE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Justice</u>			
Community Oriented Policing Universal Hiring Grant	16.710	96-UM-WX-0081	\$562,940
COPS More Grant	16.710	97-CM-WX-0229	173,641
COPS More Grant	16.710	99-CM-WX-2140	236,042
Law Enforcement Block Grant	16.592	96-LB-VX-0851	55,322
Law Enforcement Block Grant	16.592	97-LB-VX-3118	5,193
Law Enforcement Block Grant	16.592	98-LB-VX-3118	38,842
Pass-Through State of Florida Community Affairs:			
Emergency Operations Center Grant	16.710	98-CP-05-11-16-02-204	45,989
Pass-Through Broward County Commission on Substance Abuse:			
Adolescent Drug Abuse Prevention and Treatment (ADAPT)	16.579	99-CJ-9M-11-16-02-009	54,063
Justice Forfeiture Program - Federal Equitable Sharing	n/a	n/a	<u>262,214</u>
Total U.S. Department of Justice			<u>1,434,246</u>
 <u>U.S. Department of Community Affairs</u>			
Pass-Through State of Florida Department of Community Affairs:			
Federal Emergency Management Agency	83.516	99-RM-05-11-16-02-043	67,094
Federal Emergency Management Agency	83.516	1223-DR-FL	<u>4,841</u>
Total U.S. Department of Community Affairs			<u>71,935</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant	14.218	B-97-MC-0044	346,580
Community Development Block Grant	14.218	B-98-MC-0044	<u>103,551</u>
Total U.S. Department of Housing and Urban Development			<u>450,131</u>
Total of Federal Expenditures			<u><u>\$1,956,312</u></u>

TOWN OF DAVIE, FLORIDA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Davie and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF DAVIE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 1999

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not considered to be

Material weakness?

_____ yes X none

Non-compliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Reportable condition(s) identified not considered to be

Material weakness?

_____ yes X none

Type of auditor's report issued on compliance for major programs:

Qualified Opinion

Any audit findings disclosed that are required to be reported in

Accordance with Circular A-133, Section .510(a)?

X yes _____ no

Identification of major programs:

CFDA Numbers:

Name of Federal Program or Cluster

14.218

U.S. Department of Housing and Urban Development
Community Development Block Grant

16.592

U.S. Department of Justice
Law Enforcement Block Grant

Dollar threshold used to distinguish

Between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X yes _____ no

TOWN OF DAVIE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

99-1 Compliance - Reporting

The Town's original bond and finance agreements require that a copy of the annual audited financial statements of the Town, its most recent capital improvement plan and operating budget, and its Comprehensive Annual Financial Report be delivered to the bondholders within one hundred eighty (180) days of the end of the fiscal year; that date was March 31, 2000. The Town expects to deliver the above mentioned reports during September 2000. The Town was not in compliance with this requirement for the audit period ended September 30, 1999.

Recommendation

We recommend that the Town comply with the requirements of their bond agreements.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

99-2 Compliance - Reporting

The Town is required to submit a reporting package that includes audited financial statements, a schedule of expenditures of federal awards, the summary schedule of prior audit findings, if any, the auditor's reports, and a corrective action plan to the Federal Audit Clearinghouse designated by the OMB within the earlier of thirty (30) days after receipt of the auditors' reports or nine months after the end of the audit period; that date was June 30, 2000. The Town expects to file during September 2000. The Town has not met this requirement for the audit period ended September 30, 1999.

Recommendation

We recommend that the Town comply with timely submission of the Federal reporting package. If the report package cannot be submitted within the specified time period, the Town should request, in advance, a longer period for reporting from its oversight agency.

There were no federal award findings and/or questioned costs in the prior year.



Administration 797-1030
Administrative Services 797-1020
Budget and Finance 797-1050
Parks and Recreation 797-1145
Development Services 797-1111

Engineering 797-1113
Fire Department 797-1211
Police Department 693-8200
Public Works 797-1240
Utilities 433-4000

Town of Davie

6591 Orange Drive Davie, Florida 33314-3399

(954) 797-1000

The following is the Town's response to the issues brought forward in the external auditors's schedule of findings.

Auditor Comment

The Town's original bond and finance agreements require that a copy of the annual audited financial statements of the Town, its most recent capital improvement plan and operating budget, and its Comprehensive Annual Financial Report be delivered to the bondholders within one hundred eighty (180) days of the end of the fiscal year; that date was March 31, 2000. The Town expects to deliver the above mentioned reports during September 2000. The Town was not in compliance with this requirement for the audit period ended September 30, 1999.

Town Response

The Town's Comprehensive Annual Financial Report for the fiscal year ended September 30, 1999, was late being issued for two reasons. First, the Town cannot issue its report until it has received the audited annual financial statements of the Police Pension Fund. The Police Pension Fund auditor is hired by, and reports to, the Police Pension Board rather than the Town and the report was not completed and delivered to the Town until well past the March 31, 2000, deadline. Secondly, the Town chose to early implement GASB Statement Number 34 which dramatically changed the reporting requirements and presentation of the financial statements resulting in a longer preparation process for this implementation year. For next year, the Town will communicate the importance of timely receipt of the audited financial statements to the Police Pension Board and since the initial implementation year of Statement 34 is now complete the Town anticipates full compliance with all reporting requirements next year.

Auditor Comment

The Town is required to submit a reporting package that includes audited financial statements, a schedule of expenditures of federal awards, the summary schedule of prior audit findings, if any, the auditor's reports, and a corrective action plan to the Federal Audit Clearinghouse designated by the OMB within the earlier of thirty (30) days after receipt of the auditors' reports or nine months after the end of the audit period; that date was June 30, 2000. The Town expects to file during September 2000. The Town has not met this requirement for the audit period ended September 30, 1999.

Town Response

The Town's report was delayed for the reasons described in the Town's response to the preceding auditor comment. The Town anticipates full compliance with all reporting requirements next year.



Rachlin Cohen & Holtz LLP
 Certified Public Accountants & Consultants

**Report of Independent Certified Public Accountants on
Examination of Management's Assertion about Compliance with Specified Requirements**

Honorable Mayor, Town Council and Town Administrator
 Town of Davie, Florida

We have examined management's assertion about the Town of Davie's (the Town) compliance with the allowable cost requirements and eligibility requirements established in the grant agreement applicable to the State grants and aids appropriations identified on the Schedule of State Financial Assistance for the fiscal year ended September 30, 1999. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Town's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, management's assertion that the Town complied with the aforementioned requirements during the fiscal year ended September 30, 1999 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, Town Council, management, the Auditor General of the State of Florida and Grantor Agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rachlin Cohen & Holtz LLP

Fort Lauderdale, Florida
 January 7, 2000

TOWN OF DAVIE, FLORIDA

SCHEDULE OF STATE
FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 1999

<u>State Agency and Program Title</u>	<u>State Contract/ Grant Number</u>	<u>Federal CFDA Number (1)</u>	<u>State Receipts</u>	<u>Federal Through State Receipts</u>	<u>Total Receipts</u>
<u>State Department of Community Affairs</u>					
Federal Emergency Management Agency	1223-DR-FL	83.516	\$ -	\$4,841	\$4,841
Federal Emergency Management Agency	99-RM-05-11-16-02-043	83.516	-	67,094	67,094
Federal Emergency Management Agency	95DP-2M-11-16-02-030	83.516	-	1,161	1,161
Pass-Through Broward County on Substance Abuse:					
ADAPT Grant	98-CJ-8C-11-16-02-188	16.579	-	32,437 (2)	32,437
ADAPT Grant	99-CJ-9M-11-16-02-009	16.579	<u>-</u>	<u>18,484</u> (2)	<u>18,484</u>
Total State Department of Community Affairs			<u>-</u>	<u>124,017</u>	<u>124,017</u>
<u>State Department of Environmental Protection</u>					
Florida Recreation Development Assistance Program Grant	F9753	n/a	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total State Department of Environmental Protection			<u>100,000</u>	<u>-</u>	<u>100,000</u>
<u>State Department of Environmental Regulation</u>					
Pass-Through Broward County Solid Waste Management Division:					
Recycling Grant, 10th Year	n/a	n/a	<u>9,753</u> (2)	<u>-</u>	<u>9,753</u>
Total State Department of Environmental Regulation			<u>9,753</u>	<u>-</u>	<u>9,753</u>
<u>State Department of Education</u>					
Summer Food Grant	04-0723, 1999	n/a	<u>6,081</u>	<u>-</u>	<u>6,081</u>
Total State Department of Education			<u>6,081</u>	<u>-</u>	<u>6,081</u>
Total State Financial Assistance			<u>\$115,834</u>	<u>\$124,017</u> (3)	<u>\$239,851</u>

- (1) Federal CFDA numbers apply only to Federal programs.
(2) State Grants and Aids Appropriations moneys. The grand total of State Grants and Aids Appropriations moneys is \$60,674.
(3) \$18,484 of this amount is included in the expenditures presented in the Schedule of Expenditures of Federal Awards.

TOWN OF DAVIE, FLORIDA

SCHEDULE OF EXPENDITURES
OF COUNTY AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 1999

County Agency/ <u>Program Title</u>	<u>Grant Number</u>	<u>Expenditures</u>
Broward County Human Services Department		
Broward County Cultural Affairs Council	CAE08-1999	\$15,000
Broward County Division of Children's Services	99-8340	<u>46,610</u>
Total County Financial Assistance		<u><u>\$61,610</u></u>